



McCleary City Council Agenda

06/13/18- 6:30PM

Flag Salute

Roll Call: ___ Pos. 1- Orffer, ___ Pos. 2-Huff , ___ Pos. 3- Heller, ___ Pos. 4- Blankenship, ___ Pos. 5- Iversen

Public Hearing

Mayor Comments

Public Comment

Minutes

Approval of Vouchers

STIP (Six Year Transportation Improvement Plan)

Tab A May 23rd

Guests

Bear Festival Royalty

Staff Reports

Tab B Sharon English

Tab C Todd Baun

Tab D Staff Reports

Old Business

Tab E Mayor Appointment

Tab F Council Vacancy

Tab G Developer incentives

New Business

Tab H STIP

Tab I Annual Financial Report

Tab J Summer Schedule

Tab K Beehive Discussion

Tab L Fireworks Stand Permit

Ordinances

Resolutions

Tab M Brent Schiller

Tab N STIP

Mayor/Council Comments

Public Comments

Adjourn/Recess Meeting

Please turn off Cell Phones- Thank you

Americans with Disabilities Act (ADA) Accommodation is Provided Upon Request

The City of McCleary is an equal opportunity provider and employer.

La ciudad de McCleary es un proveedor de igualdad de oportunidades y el empleador

TAB - A

CITY OF MCCLEARY
Regular City Council Meeting
Wednesday, May 23, 2018

ROLL CALL AND FLAG SALUTE	Councilmembers Huff, Heller, Blankenship and Iversen were in attendance.
ABSENT	Councilmember Orffer was absent. It was moved by Councilmember Iversen, seconded by Councilmember Huff to excuse Councilmember Orffer's absence. Motion Carried 4-0.
STAFF PRESENT	Present at the meeting were Director of Public Works Todd Baun, Clerk-Treasurer Wendy Collins, Police Chief Steve Blumer and Attorney Sharon English.
PUBLIC HEARING	None.
VOUCHERS	Accounts Payable checks approved were 44377- 44443, including EFT's, in the amount of \$311,034.67 It was moved by Councilmember Iversen, seconded by Councilmember Blankenship to approve the vouchers. Motion Carried 4-0.
MINUTES APPROVED	It was moved by Councilmember Huff, seconded by Councilmember Heller to approve the minutes from the meeting held on May 9, 2018. Motion Carried 4-0.
PUBLIC COMMENTS	Delroy Cox used to manage Lemay's for 43 years and is now a consultant for them. He stopped by to say hello to the Council and to answer any questions they might have regarding the garbage service provided to McCleary residents. He will leave business cards with Wendy Collins tomorrow so the Council will have his contact information.
MAYOR COMMENTS	Mayor Schiller announced this would be his last meeting. He is resigning and his last day will be May 31, 2018. He made the decision after accepting a permanent position with the Department of Transportation in Aberdeen. He does not want to have any issues with conflicts of interest and is trying to be completely transparent. He thanked everyone for their hard work and dedication to the City. He is sure the Council will be fine as they move forward and appoint a new Mayor.
CITY ATTORNEY REPORT	Sharon English provided a written report for the Council. Mayor Pro Tem Orffer had a question regarding the WARN agreement and how workers compensation would be handled. Sharon added that every member of that agreement handles their own workers compensation and there is an indemnity provision that is standard for this type of agreement. Ms. English explained the process for filling the Mayor's position. She said Mayor Pro Tem Orffer will fill the roll as Interim Mayor until the Council appoints an Acting Mayor to serve until the next municipal election. Councilmember Iversen asked if the Mayor position should be open to the public. Councilmember's Huff and Heller prefer an appointment from the current Council because they already know what has been going on and it will make a smoother transition. Mayor Schiller said he recently spoke with Councilmember Orffer and she sounded very interested in filling the Mayor's position. The Council has 90-days to fill the vacant Council position, if a current Councilmember is appointed for the Mayor position. The Council will plan on appointing a Mayor at the next meeting. Mayor Schiller stated that in the past, the City posted Council vacancies for members of the public to apply.
DIRECTOR OF PUBLIC WORKS REPORT	Todd Baun provided a written report for the Council.
UNION CONTRACTS	It was moved by Councilmember Huff, seconded by Councilmember Iversen to authorize the Mayor to sign the union contracts for FOP, IBEW and Teamsters unions. Motion Carried 4-0.
WARN MUTUAL AID AGREEMENT	It was moved by Councilmember Iversen, seconded by Councilmember Huff to authorize the Mayor to sign the WARN Mutual Aid Agreement. Motion Carried 4-0.

MANUFACTURED HOMES -
HEARING EXAMINER
RECOMMENDATIONS

Version K was recommended by the Hearing Examiner. Sharon English mentioned there are blanks in the ordinance that need to be filled. She recalls the Council wanted the section to read that it needs to be in conformance with the other sections of the existing code. The Council agreed to Sharon's suggested changes in section "7 Signs", by striking 7a and 7b, and moving 7c and 7d in their place.

SKILLINGS CONNOLLY TIME
EXTENSION

It was moved by Councilmember Blankenship, seconded by Councilmember Huff to authorize the Mayor to sign the time extension for Skillings Connolly from May 31, 2018 to December 31, 2019. Motion Carried 4-0.

ORDINANCE 842 -
MANUFACTURED HOMES

It was moved by Councilmember Blankenship, seconded by Councilmember Heller to adopt Ordinance 842 AN ORDINANCE RELATING TO ZONING AND ASSOCIATED MATTERS, SETTING FORTH PROVISIONS IN RELATION TO PLACEMENT OF MANUFACTURED HOMES, AMENDING SECTION 17.12.010, AMENDING SECTION 17.20.020 MMC, AMENDING SECTION 17.20030 AMENDING SECTION 17.28.060, AMENDING SECTION 17.32.070 MMC, ADDING NEW SECTIONS TO CHAPTER 17.32 MMC, REPEALING SECTIONS 15.16.010 THROUGH 15.20.190 MMC, AND SECTION 17.32.070 MMC, PROVIDING FOR SEVERABILITY, AN EFFECTIVE DATE, AND CORRECTION. Roll Call taken in the affirmative. Ordinance Adopted 4-0.

EXECUTIVE SESSION

At 6:55 pm Mayor Schiller called for an executive session to last 10 minutes per RCW 42.30.100(b)(c.).The executive session ended at 7:05 pm.

THURSTON PUD WELLS
DISCUSSION

Councilmember Iversen would like to continue negotiations on the price and purchase of the wells. Councilmember Huff agrees. Councilmember Heller also agrees and added if the City doesn't get bargain basement cost, the City should walk away. Todd Baun asked if the Council wants to use Jon Hinton's recommendation. Sharon English asked what the capacity of the wells is and Jon said it could handle some additional capacity but not the entire water right capacity. Mr. Hinton suggested, and the Council agreed, to have Mr. Hinton contact the Department of Ecology and then make a contingent offer that is based on their opinion.

PUBLIC COMMENT

Councilmember Huff thanked Mayor Schiller for his work as a Councilmember and Mayor, and said it has been fun working with him. Mayor Schiller thanked everyone and stated he thinks Councilmember Orffer will do great and she will bring her very best.



Exit Recommendations
The City of McCleary
Audit Period Ending: December 31, 2016

Accountability

Small and Attractive Assets

The following issues related to small and attractive assets were present at the City:

- There is no upper limit established for items to be added to the small and attractive assets listing and the City has included items that would not be considered small and attractive.
- The City's policy does not prescribe what action to take if an error is found.
- There was no evidence to verify that the most recent reconciliation was performed.
- The Police Department inventory is not included in the small and attractive assets listings.
- The master list does not sufficiently notate the location/department responsible for the items and the estimated value.
- One item tested was in use at the Police Department, but not on a listing.
- Twelve items tested had no numbered tag attached.
- Two items tested were under the minimum \$100 threshold for the small and attractive asset lists.

We recommend the following:

- Revise the City's policy to establish an upper dollar limit on their policy and to prescribe what action to take if an error is found.
- Ensure City retain documentation of their reconciliation and verify that all small and attractive assets are included on the listing.
- Ensure all items on the list shall have their location/department, and asset tag number listing updated.
- Ensure the Police Department inventory is included on the listing.
- Update the master listing to notate the location/department responsible for the items and add the estimated value.
- Only include items on the listing that meet the requirements set forth in Resolution No. 700.

Change Orders

The work for the only change order tested was started prior to the City receiving approval from the City Council. Further, the change order was paid for on December 31, 2016, prior to when the change order was accepted on January 25, 2017.

We recommend that the City receive approval from City Council prior to starting work on change orders and that change orders are accepted prior to payment.



Exit Recommendations
The City of McCleary
Audit Period Ending: December 31, 2016

Property Room

The following issues related to the Police Department Evidence and Property Room were present at the City:

- There is no sign-in sheet required to sign prior to entry.
- Two items tested had issues with the location on the master list.
- Two items tested were not entered on the property listing, even though it was being held as evidence property.
- There was a discrepancy between the officer/name column on the property room master file and the officer listed on the evidence form attached to the item.
- The City's policy does not address the advertisement of unclaimed or found property.
- There is no periodic spot check/reconciliation done to show all items are accounted for.

We recommend the following:

- Require anyone needing access to the evidence and property room to sign-in prior to allowing entry.
- Ensure that all items being held as evidence are added to the property room master file and include the location and officer who logged in the evidence.
- Update the policy to reflect the requirements to advertise lost or unclaimed property, set forth by RCW 62.21.010
- Perform a periodic spot check/reconciliation of the master property room file and the physical property held.

Purchase Bid Compliance

The City did not perform formal sealed bidding for three purchases that were above the bid requirement threshold.

We recommend the City submit formal bid requests for any purchase estimated to be greater than \$7,500.

TAB - B

Younglove & Coker

A PROFESSIONAL LIMITED LIABILITY COMPANY

ATTORNEYS AT LAW

"SINCE 1974"

1800 COOPER POINT ROAD SW, BLDG 16, PO BOX 7846, OLYMPIA, WASHINGTON 98507-7846

TELEPHONE (360) 357-7791

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OFFICE@YLCLAW.COM

Memorandum

TO: Mayor Pro Tempore and City Council, City of McCleary

FROM: Sharon English, City Attorney

DATE: June 8, 2018

RE: Legal Activities as of June 13, 2018

1. Mayor Vacancy: In light of the vacancy created by Mayor Schiller's resignation, which was effective May 31, 2018, the Council must now address the process for filling this vacancy. While this matter was discussed at the last council meeting, I indicated my understanding that this process is as follows: the council shall select a new mayor by majority vote, and this individual shall then serve until the next regular election, at which time an individual would be elected to serve for the remainder of the unexpired term. I indicated my belief that this meant the individual selected by the Council would serve until the fall, however, after further review and investigation, I have confirmed that the next regular municipal election for McCleary is in 2019.

So, once Council votes on appointing a new mayor, this appointed individual shall be considered an elected official under the law and shall serve until December 31, 2019. The mayoral position will be on the November 2019 ballot, at which point whoever is elected, shall serve from January 1, 2020, until December 31, 2021, which is the remainder of the unexpired term. If the council is not prepared to vote on this issue at the June 13 council meeting, Councilmember Orffer can continue to serve as Mayor Pro Tempore until such time as the council votes on the appointment of a new mayor. While technically the mayor pro tempore serves "*in the absence or temporary disability of the mayor*" and a resignation is arguably not an absence, for practical purposes the mayor pro tem is the logical person to assume this role until the position is filled, and there appears to be no legal authority to the contrary. It is generally accepted in Washington cities that the mayor pro tem acts as the mayor after a mayor's resignation and until the vacant mayor position is filled by the council.

2. Council Member Vacancy: Assuming that the Council makes their selection for a new mayor from one of the current councilmembers, this will create a vacancy on the Council. My understanding is that the City has somewhat recently encountered this situation, and is familiar with the process. As you are likely aware, there are no statutory requirements for the process to fill this vacancy, however, a reasonable process (and one that has been used in the

past) would be to provide notice and seek interested candidates from the community. The interview process needs to be conducted in the open and can be done during a regularly scheduled council meeting. Once an individual is selected by the Council, this individual will serve in this position until the next regular municipal election, which as previously indicated is November 2019. It should be noted that if any vacancies (mayor or councilmember) are not filled by the Council within 90 days of the vacancy, then the authority to fill the vacancy is granted to the board of county commissioners.

If you have any questions or concerns regarding the above, or any other matters, please let me know.

TAB - C

STAFF REPORT

To: Mayor Pro Tem Orffer
From: Todd Baun, Director of Public Works
Date: June 11, 2018
Re: Current Non-Agenda Activity

Bear Festival Prep

With the Bear Festival being a week earlier, all crews have started to prepare the city for the Festival.

Paul Morrison

Paul Morrison has passed the Police Reserve academy and will be helping the Police department during his off time. He was the top student in his class and worked very hard for this goal in his life. Awesome job Paul!

TAB - D

Building and Planning Staff Report

To: Mayor and City Council

From: Paul Morrison

Date: June 1st, 2018

Re: May, Building and Planning Department Activity.

New Permit Activities for May 2018

604 West Ash Street	New Canopy	Total Fee \$98.55
Prince Telecom	Pole Attachments	Total Fee \$100
1588 North 4 th Street	New SFR	Total Fee \$11,389.56
453 East Bear Street	New SFR	Total Fee \$11,270.90
419 West Oak Street	Ductless Heat Pump	Total Fee \$89.84
252 East Cedar Street	New SFR	Total Fee \$12,158.48
248 East Cedar Street	New SFR	Total Fee \$10,608.85
117 South 8 th Street	Fireworks Stand	Total Fee \$97.00
1536 North 5 th Street	New SFR	Total Fee \$10,562.12
303 South 5 th Street	Home Repairs	Total Fee \$56.00
1528 North 5 th Street	New SFR	Total Fee \$10,221.85
717 West Simpson Avenue	Replace Side Sewer	Total Fee \$67.39
Building Department Related Revenues	Total fees charged for May \$66,720.54	Total fees collected for May \$32,007.79

Building and Planning Staff Report

Permit Activity Totals

New Homes Permitted for 2018 12	All Permits Issued for 2018 26	Total Fees Charged for 2018 \$136,602.51
New Homes Permitted for 2017 11	All Permits Issued for 2017 104	Total Fees Charged for 2017 \$124,686.92
New Homes Permitted for 2016 24	All Permits Issued for 2016 170	Total Fees Charged for 2016 \$249,258.60
New Homes Permitted for 2015 2	All Permits Issued for 2015 52	Total Fees Charged for 2015 \$ 52,499.28
New Homes Permitted for 2014 3	All Permits Issued for 2014 89	Total Fees Charged for 2014 \$ 59,695.93
New Homes Permitted for 2013 3	All Permits Issued for 2013 79	Total Fees Charged for 2013 \$ 69,743.57
New Homes Permitted for 2012 6	All Permits Issued for 2012 97	Total Fees Charged for 2012 \$ 123,164.28
New Homes Permitted for 2011 1	All Permits Issued for 2011 37	Total Fees Charged for 2011 \$ 24,803.65

Nuisances for the Month of May 2018

- Timber Industrial Land LLC (8.16 & IFC)
- 350 South 1st Street (8.16)

STAFF REPORT

To: Mayor Orffer
From: Paul Nott, Light & Power
Date: June 7, 2018
Re: May Report



	Monthly Statistics;	YTD Totals;
New Services;	5	13
System Outages;	0	4
Pole Replacements;	6	18
Maintenance Work Orders;	7	21
Billable Work Orders;	6	14

The month of May consisted of 5 new home services, some pole replacement/re locations, maintenance work and service repairs.

New construction is keeping the crew busy with new service hook ups and it appears to be the continuing trend.

The pole replacements that the crew have been busy with have been out Sand Creek and also preparation for the Third Street project. The jobs out Sand Creek have been at 4 different locations. The creek crossing culverts need to be replaced with fish bridges and the power lines needed to be re located for clearance of the equipment needed to construct the bridges. We just completed the work out there this week.

We have also been re locating poles that are in the construction area for the Third Street Project. We have a few more to do and will hopefully have all of them moved by the end of next week.

Once the Third Street poles are re located then we intend to get back on the cut over barring any other unforeseen projects that may arise.

If you have any questions feel free to contact us...

TAB - E

TAB - F

TAB - G

STAFF REPORT

To: Mayor Pro Tem Orffer
From: Todd Baun, Director of Public Works
Date: June 11, 2018
Re: Development Incentives

Councilman Blankenship has asked for this to be placed on the agenda to discuss some ideas for development incentives.

TAB - H

STAFF REPORT

To: Mayor Pro Tem Orffer
From: Todd Baun, Director of Public Works
Date: June 11, 2018
Re: 2019 STIP / Six Year Street Plan

The Six-Year Transportation Improvement Program (STIP) is an annual process for local jurisdictions to identify their potential future transportation improvement needs. RCWs 35.77.010 & 36.81.121 require that cities update their program annually and file a copy of the adopted program with the Washington State Department of Transportation before July 1st. Completion of this annual update makes the City eligible to apply for State and Federal grants for transportation project funding.

I have attached the 2019 STIP for your review. The 2019 STIP is the same as the 2018 STIP, except our 3rd Street project and Main Street have been removed.

In the event project ordering is reconsidered during the public hearing, we will adjust the final document to coincide with the recommendation.

Staff Recommendation:

Adopt the 2019 STIP as recommended or adjusted. Please keep in mind that the final STIP must be submitted to the State no later than June 30.

Action Requested:

Using the resolution provided, please consider adopting the STIP as recommended at the Public Hearing.

Six Year Transportation Improvement Program From 2019 to 2024

Agency: McCleary

County: Grays Harbor

MPO/RTPO: SWW RTPO

N Inside

Y Outside

Functional Class	Priority Number	A. PIN/Project No. C. Project Title D. Road Name or Number E. Begin & End Termini F. Project Description	B. STIP ID G. Structure ID	Hearing	Adopted	Amendment	Resolution No.	Improvement Type	Utility Codes	Total Length	Environmental Type	RW Required
07	1	S. 3rd Street Lower S. 3rd Street Oak St to Simpson Ave Resurface and repair, New curb and gutter, storm, planter strip where possible, sidewalk, and shared bike lane	WA-05604					04	C G O P S T W	0.250		No

Funding								
Status	Phase	Phase Start Year (YYYY)	Federal Fund Code	Federal Funds	State Fund Code	State Funds	Local Funds	Total Funds
P	PE	2019		0	TIB	259,500	40,500	300,000
P	CN	2019		0	TIB	1,500,000	0	1,500,000
Totals				0		1,759,500	40,500	1,800,000

Expenditure Schedule					
Phase	1st	2nd	3rd	4th	5th & 6th
PE	300,000	0	0	0	0
CN	0	1,500,000	0	0	0
Totals	300,000	1,500,000	0	0	0

Six Year Transportation Improvement Program From 2019 to 2024

Agency: McCleary

County: Grays Harbor

MPO/RTPO: SWW RTPO

N Inside

Y Outside

Functional Class	Priority Number	A. PIN/Project No. C. Project Title D. Road Name or Number E. Begin & End Termini F. Project Description	B. STIP ID G. Structure ID	Hearing	Adopted	Amendment	Resolution No.	Improvement Type	Utility Codes	Total Length	Environmental Type	RW Required
00	2	West Ash Street Part 1 West Ash St N 9th St to N 7th St Resurface and repair.	WA-05607					04	C G O P S T W	0.130		No

Funding								
Status	Phase	Phase Start Year (YYYY)	Federal Fund Code	Federal Funds	State Fund Code	State Funds	Local Funds	Total Funds
P	ALL	2021		0	TIB	130,000	7,000	137,000
Totals				0		130,000	7,000	137,000

Expenditure Schedule					
Phase	1st	2nd	3rd	4th	5th & 6th
ALL	0	0	137,000	0	0
Totals	0	0	137,000	0	0

Six Year Transportation Improvement Program From 2019 to 2024

Agency: McCleary

County: Grays Harbor

MPO/RTPO: SWW RTPO

N Inside

Y Outside

Functional Class	Priority Number	A. PIN/Project No. C. Project Title D. Road Name or Number E. Begin & End Termini F. Project Description	B. STIP ID G. Structure ID	Hearing	Adopted	Amendment	Resolution No.	Improvement Type	Utility Codes	Total Length	Environmental Type	RW Required
00	3	West Ash Street Part 2 Ash Street N 9th St. to N 10th St. Resurface and Repair	WA-05608					04	C G O P S T W	0.120		No

Funding								
Status	Phase	Phase Start Year (YYYY)	Federal Fund Code	Federal Funds	State Fund Code	State Funds	Local Funds	Total Funds
P	ALL	2021		0	TIB	111,000	6,000	117,000
Totals				0		111,000	6,000	117,000

Expenditure Schedule					
Phase	1st	2nd	3rd	4th	5th & 6th
ALL	0	0	117,000	0	0
Totals	0	0	117,000	0	0

Six Year Transportation Improvement Program From 2019 to 2024

Agency: McCleary

County: Grays Harbor

MPO/RTPO: SWW RTPO

N Inside

Y Outside

Functional Class	Priority Number	A. PIN/Project No. C. Project Title D. Road Name or Number E. Begin & End Termini F. Project Description	B. STIP ID G. Structure ID	Hearing	Adopted	Amendment	Resolution No.	Improvement Type	Utility Codes	Total Length	Environmental Type	RW Required
06	4	Intersection Simpson and Summit Simpson Ave Simpson Ave to Summit Rd Intersection improvements, new curb and gutter, storm, sidewalk, landscaping, and bike lane.	WA-05610	06/13/18				04	C G O P S T W	0.020		No

Funding								
Status	Phase	Phase Start Year (YYYY)	Federal Fund Code	Federal Funds	State Fund Code	State Funds	Local Funds	Total Funds
P	PE	2019		0	TIB	67,000	68,000	135,000
P	CN	2020		0	TIB	1,215,000	0	1,215,000
Totals				0		1,282,000	68,000	1,350,000

Expenditure Schedule					
Phase	1st	2nd	3rd	4th	5th & 6th
PE	135,000	0	0	0	0
CN	0	1,215,000	0	0	0
Totals	135,000	1,215,000	0	0	0

Six Year Transportation Improvement Program From 2019 to 2024

Agency: McCleary

County: Grays Harbor

MPO/RTPO: SWW RTPO

N Inside

Y Outside

Functional Class	Priority Number	A. PIN/Project No. C. Project Title D. Road Name or Number E. Begin & End Termini F. Project Description	B. STIP ID G. Structure ID	Hearing	Adopted	Amendment	Resolution No.	Improvement Type	Utility Codes	Total Length	Environmental Type	RW Required
06	5	Summit Road "S" Turn Part 1 Summit Rd Beck St to E. Wildcat Creek Resurface, widen, new curb and gutter, storm, sidewalk, planter strip, and bike lane.	WA-05612					04	C G O P S T W	0.330		No

Funding								
Status	Phase	Phase Start Year (YYYY)	Federal Fund Code	Federal Funds	State Fund Code	State Funds	Local Funds	Total Funds
P	ALL	2019		0	TIB	1,634,000	87,000	1,721,000
Totals				0		1,634,000	87,000	1,721,000

Expenditure Schedule					
Phase	1st	2nd	3rd	4th	5th & 6th
ALL	1,721,000	0	0	0	0
Totals	1,721,000	0	0	0	0

Six Year Transportation Improvement Program From 2019 to 2024

Agency: McCleary

County: Grays Harbor

MPO/RTPO: SWW RTPO

N Inside

Y Outside

Functional Class	Priority Number	A. PIN/Project No. C. Project Title D. Road Name or Number E. Begin & End Termini F. Project Description	B. STIP ID G. Structure ID	Hearing	Adopted	Amendment	Resolution No.	Improvement Type	Utility Codes	Total Length	Environmental Type	RW Required
06	6	Summit Road "S" Turn Part 2 Summit Rd E Wildcat Creek to SR 108 Resurface, widen, new curb and gutter, storm, sidewalk, planter strip, and bike lane.	WA-05613					04	C G O P S T W	0.310		No

Funding								
Status	Phase	Phase Start Year (YYYY)	Federal Fund Code	Federal Funds	State Fund Code	State Funds	Local Funds	Total Funds
P	ALL	2019		0	TIB	1,510,000	80,000	1,590,000
Totals				0		1,510,000	80,000	1,590,000

Expenditure Schedule					
Phase	1st	2nd	3rd	4th	5th & 6th
ALL	1,590,000	0	0	0	0
Totals	1,590,000	0	0	0	0

Six Year Transportation Improvement Program From 2019 to 2024

Agency: McCleary

County: Grays Harbor

MPO/RTPO: SWW RTPO

N Inside

Y Outside

Functional Class	Priority Number	A. PIN/Project No. C. Project Title D. Road Name or Number E. Begin & End Termini F. Project Description	B. STIP ID G. Structure ID	Hearing	Adopted	Amendment	Resolution No.	Improvement Type	Utility Codes	Total Length	Environmental Type	RW Required
06	7	Summit Road Downtown Summit Rd Simpson Ave to Beck St Resurface, widen, new curb and gutter, storm improvements, sidewalk, landscaping and/or planter strips where possible and bike lane	WA-05611					04	C G O P S T W	0.280		No

Funding								
Status	Phase	Phase Start Year (YYYY)	Federal Fund Code	Federal Funds	State Fund Code	State Funds	Local Funds	Total Funds
P	ALL	2020		0	TIB	1,352,000	72,000	1,424,000
Totals				0		1,352,000	72,000	1,424,000

Expenditure Schedule					
Phase	1st	2nd	3rd	4th	5th & 6th
ALL	1,424,000	0	0	0	0
Totals	1,424,000	0	0	0	0

Six Year Transportation Improvement Program From 2019 to 2024

Agency: McCleary

County: Grays Harbor

MPO/RTPO: SWW RTPO

N Inside

Y Outside

Functional Class	Priority Number	A. PIN/Project No. C. Project Title D. Road Name or Number E. Begin & End Termini F. Project Description	B. STIP ID G. Structure ID	Hearing	Adopted	Amendment	Resolution No.	Improvement Type	Utility Codes	Total Length	Environmental Type	RW Required
08	8	Summit Road North Summit Rd SR 108 to Bear St. Full Depth Reclamation where possible, Resurface, widen, new curb and gutter, storm improvements, sidewalk, planter strips, and bike lanes where possible.	WA-05614					04	C O P S T W	0.420		No

Funding								
Status	Phase	Phase Start Year (YYYY)	Federal Fund Code	Federal Funds	State Fund Code	State Funds	Local Funds	Total Funds
P	ALL	2020		0	TIB	2,037,000	108,000	2,145,000
Totals				0		2,037,000	108,000	2,145,000

Expenditure Schedule					
Phase	1st	2nd	3rd	4th	5th & 6th
ALL	0	2,145,000	0	0	0
Totals	0	2,145,000	0	0	0

Six Year Transportation Improvement Program

From 2019 to 2024

Agency: McCleary
 County: Grays Harbor
 MPO/RTPO: SWW RTPO N Inside Y Outside

Functional Class	Priority Number	A. PIN/Project No. C. Project Title D. Road Name or Number E. Begin & End Termini F. Project Description	B. STIP ID G. Structure ID	Hearing	Adopted	Amendment	Resolution No.	Improvement Type	Utility Codes	Total Length	Environmental Type	RW Required
00	9	S. 4th Street Downtown S. 4th St Simpson Ave to W. Fir St. Full Depth Reclamation, Resurface, widen, new curb and gutter, storm water system improvements, sidewalk on both sides of road separated from parking areas with planter strips, possible bicycle lanes.	WA-05615					04	C G O P S T W	0.140		No

Funding								
Status	Phase	Phase Start Year (YYYY)	Federal Fund Code	Federal Funds	State Fund Code	State Funds	Local Funds	Total Funds
P	ALL	2020		0	TIB	1,232,000	65,000	1,297,000
Totals				0		1,232,000	65,000	1,297,000

Expenditure Schedule					
Phase	1st	2nd	3rd	4th	5th & 6th
ALL	1,297,000	0	0	0	0
Totals	1,297,000	0	0	0	0

Six Year Transportation Improvement Program From 2019 to 2024

Agency: McCleary

County: Grays Harbor

MPO/RTPO: SWW RTPO

N Inside

Y Outside

Functional Class	Priority Number	A. PIN/Project No. C. Project Title D. Road Name or Number E. Begin & End Termini F. Project Description	B. STIP ID G. Structure ID	Hearing	Adopted	Amendment	Resolution No.	Improvement Type	Utility Codes	Total Length	Environmental Type	RW Required
00	10	S. 4th Street Residential S. 4th St W. Fir St to South City Limits Full Depth Reclamation, Resurface, new curb/gutter and sidewalks on both sides of roadway, planter strip separation from traffic, storm water improvements.	WA-05616					04	C G O P S T W	0.360		No

Funding								
Status	Phase	Phase Start Year (YYYY)	Federal Fund Code	Federal Funds	State Fund Code	State Funds	Local Funds	Total Funds
P	ALL	2020		0	TIB	280,000	15,000	295,000
Totals				0		280,000	15,000	295,000

Expenditure Schedule					
Phase	1st	2nd	3rd	4th	5th & 6th
ALL	0	295,000	0	0	0
Totals	0	295,000	0	0	0

Six Year Transportation Improvement Program From 2019 to 2024

Agency: McCleary

County: Grays Harbor

MPO/RTPO: SWW RTPO

N Inside

Y Outside

Functional Class	Priority Number	A. PIN/Project No. C. Project Title D. Road Name or Number E. Begin & End Termini F. Project Description	B. STIP ID G. Structure ID	Hearing	Adopted	Amendment	Resolution No.	Improvement Type	Utility Codes	Total Length	Environmental Type	RW Required
00	11	W. Maple Street Downtown W. Maple St S. 3rd St to S. 5th St Resurface, widen, new curb and gutter, storm, sidewalk, planter strip, and bike lane.	WA-05617					04	C G O P S T W	0.170		No

Funding								
Status	Phase	Phase Start Year (YYYY)	Federal Fund Code	Federal Funds	State Fund Code	State Funds	Local Funds	Total Funds
P	ALL	2020		0	TIB	824,000	44,000	868,000
Totals				0		824,000	44,000	868,000

Expenditure Schedule					
Phase	1st	2nd	3rd	4th	5th & 6th
ALL	0	868,000	0	0	0
Totals	0	868,000	0	0	0

Six Year Transportation Improvement Program From 2019 to 2024

Agency: McCleary

County: Grays Harbor

MPO/RTPO: SWW RTPO

N Inside

Y Outside

Functional Class	Priority Number	A. PIN/Project No. C. Project Title D. Road Name or Number E. Begin & End Termini F. Project Description	B. STIP ID G. Structure ID	Hearing	Adopted	Amendment	Resolution No.	Improvement Type	Utility Codes	Total Length	Environmental Type	RW Required
00	12	W. Maple Street Residential W. Maple Street S. 5th Street to S. 7th Street Resurface, Curb/gutter and sidewalk on South side	WA-08006					04	C G O P S T W	0.150		No

Funding								
Status	Phase	Phase Start Year (YYYY)	Federal Fund Code	Federal Funds	State Fund Code	State Funds	Local Funds	Total Funds
P	ALL	2021		0	TIB	110,000	10,000	120,000
Totals				0		110,000	10,000	120,000

Expenditure Schedule					
Phase	1st	2nd	3rd	4th	5th & 6th
ALL	120,000	0	0	0	0
Totals	120,000	0	0	0	0

	Federal Funds		State Funds	Local Funds	Total Funds
Grand Totals for McCleary	0		12,261,500	602,500	12,864,000

TAB - I

STAFF REPORT

To: Mayor Pro Tem Orffer and Councilmember's
From: Wendy Collins, Clerk-Treasurer
Date: June 13, 2018
Re: Annual Financial Report for 2017

Each year, the City is required to submit an annual report to the State Auditor's Office regarding the previous year's financial activity. The report must include beginning balances, expenditures, revenues, loans, grants, and the end of the year compensated absences for all employees. The report is the main document that the Auditor uses when conducting their annual audit. I work in conjunction with BIAS on the report. Because we are a small City, we need to have strong checks and balances and the auditor's office has greatly approved of our report and process. Everything looks clean and balanced.

Attached, is the final submitted copy, which was due by May 31st. I uploaded it on May 23, 2018 to meet the deadline. Any corrections can be made up until our next audit.

Action Requested:

Please review the attached report and approve the submittal of the 2017 Annual Financial Report.

ANNUAL REPORT CERTIFICATION

City of McCleary
(Official Name of Government)

0344
MCAG No.

Submitted pursuant to RCW 43.09.230 to the Washington State Auditor's Office

For the Fiscal Year Ended 12/31/2017

GOVERNMENT INFORMATION:

Official Mailing Address 100 S 3rd
McCleary, WA 98557

Official Website Address www.cityofmccleary.com

Official E-mail Address wendyc@cityofmccleary.com

Official Phone Number 360-495-3667

AUDIT CONTACT or PREPARER INFORMATION and CERTIFICATION:

Audit Contact or Preparer Name and Title Wendy Collins Clerk-Treasurer

Contact Phone Number 360-495-3667

Contact E-mail Address wendyc@cityofmccleary.com

I certify 23rd day of May, 2018, that annual report information is complete, accurate and in conformity with the Budgeting, Accounting and Reporting Systems Manual, to the best of my knowledge and belief, having reviewed this information and taken all appropriate steps in order to provide such certification. I acknowledge and understand our responsibility for the design and implementation of controls to ensure accurate financial reporting, comply with applicable laws and safeguard public resources, including controls to prevent and detect fraud. Finally, I acknowledge and understand our responsibility for immediately submitting corrected annual report information if any errors or an omission in such information is subsequently identified.

Signatures

Wendy Collins (wendyc@cityofmccleary.com)

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

		Total for All Funds (Memo Only)	001 Current Expense	102 Street Fund	301 REET Excise Tax - Capital Projects
Beginning Cash and Investments					
30810	Reserved	467,589	-	116,986	59,189
30880	Unreserved	2,186,280	507,048	-	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	850,301	786,661	26,846	36,795
320	Licenses and Permits	35,679	33,296	2,382	-
330	Intergovernmental Revenues	222,277	80,061	91,609	-
340	Charges for Goods and Services	4,396,699	26,997	-	-
350	Fines and Penalties	21,788	21,788	-	-
360	Miscellaneous Revenues	202,020	31,069	648	462
Total Revenues:		5,728,763	979,871	121,485	37,257
Expenditures					
510	General Government	198,234	198,234	-	-
520	Public Safety	643,827	524,915	-	-
530	Utilities	3,681,804	14,979	-	-
540	Transportation	129,259	-	129,259	-
550	Natural and Economic Environment	52,500	52,500	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	37,079	37,079	-	-
Total Expenditures:		4,742,704	827,707	129,259	-
Excess (Deficiency) Revenues over Expenditures:		986,060	152,165	(7,774)	37,257
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	40,972	32,093	108	-
381, 395, 398	Other Resources	1,382	-	1,215	-
Total Other Increases in Fund Resources:		42,354	32,093	1,324	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	274,119	3,380	9,236	-
591-593, 599	Debt Service	283,279	6,643	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	22,775	22,775	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		580,173	32,798	9,236	-
Increase (Decrease) in Cash and Investments:		448,241	151,460	(15,687)	37,257
Ending Cash and Investments					
5081000	Reserved	932,947	-	101,299	96,445
5088000	Unreserved	2,169,162	658,506	-	-
Total Ending Cash and Investments		3,102,109	658,506	101,299	96,445

The accompanying notes are an integral part of this statement.

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

		401 Light And Power Fund	405 Water Fund	407 Sewer Fund	409 Storm Water Fund
Beginning Cash and Investments					
30810	Reserved	93,301	-	198,113	-
30880	Unreserved	603,757	802,605	213,121	25,026
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	50,607	-	-	-
340	Charges for Goods and Services	2,703,116	723,822	733,770	112,625
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	36,464	51,564	68,026	13,572
Total Revenues:		2,790,187	775,386	801,796	126,197
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	24,390	-	-	-
530	Utilities	2,458,996	443,834	659,155	104,840
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		2,483,387	443,834	659,155	104,840
Excess (Deficiency) Revenues over Expenditures:		306,801	331,552	142,641	21,357
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	8,501	6	257	6
381, 395, 398	Other Resources	83	-	-	83
Total Other Increases in Fund Resources:		8,584	6	257	90
Other Decreases in Fund Resources					
594-595	Capital Expenditures	43,685	41,577	165,351	10,889
591-593, 599	Debt Service	-	109,370	167,266	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		43,685	150,947	332,618	10,889
Increase (Decrease) in Cash and Investments:		271,700	180,611	(189,720)	10,557
Ending Cash and Investments					
5081000	Reserved	317,660	227,707	153,050	-
5088000	Unreserved	651,099	755,509	68,465	35,583
Total Ending Cash and Investments		968,758	983,216	221,515	35,583

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

		413 Ambulance Fund
		<hr/>
Beginning Cash and Investments		
30810	Reserved	-
30880	Unreserved	34,724
388 / 588	Prior Period Adjustments, Net	-
Revenues		
310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	-
340	Charges for Goods and Services	96,369
350	Fines and Penalties	-
360	Miscellaneous Revenues	215
Total Revenues:		<hr/> 96,584
Expenditures		
510	General Government	-
520	Public Safety	94,522
530	Utilities	-
540	Transportation	-
550	Natural and Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		<hr/> 94,522
Excess (Deficiency) Revenues over Expenditures:		<hr/> 2,062
Other Increases in Fund Resources		
391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
386 / 389	Custodial Activities	-
381, 395, 398	Other Resources	-
Total Other Increases in Fund Resources:		<hr/> -
Other Decreases in Fund Resources		
594-595	Capital Expenditures	-
591-593, 599	Debt Service	-
597	Transfers-Out	-
585	Special or Extraordinary Items	-
586 / 589	Custodial Activities	-
581	Other Uses	-
Total Other Decreases in Fund Resources:		<hr/> -
Increase (Decrease) in Cash and Investments:		<hr/> 2,062
Ending Cash and Investments		
5081000	Reserved	36,786
5088000	Unreserved	-
Total Ending Cash and Investments		<hr/> 36,786

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

		Total for All Funds (Memo Only)	Private-Purpose Trust	Agency
308	Beginning Cash and Investments	24,103	5,009	19,094
388 & 588	Prior Period Adjustment, Net	-	-	-
310-390	Additions	434	30	404
510-590	Deductions	917	-	917
	Net Increase (Decrease) in Cash and Investments:	(483)	30	(513)
508	Ending Cash and Investments	23,621	5,039	18,582

The accompanying notes are an integral part of this statement.

City of McCleary
MCAG #0334
Notes to the Financial Statements
For the year ended December 31, 2017

Note 1 - Summary of Significant Accounting Policies

The City of McCleary was incorporated on January 6, 1943 and operates under the laws of the state of Washington applicable to a City. The City is a general purpose local government and provides public safety, fire prevention, street improvements, parks and recreation, health and social services and general administrative services. In addition, the City owns and operates electric, water, sewer, and storm drainage utilities.

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.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are not presented using the classifications defined in GAAP.

A. Fund Accounting

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

GOVERNMENTAL FUND TYPES:

General Fund

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

Special Revenue Funds

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

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 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.

Agency 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 up to twenty (20) days after the close of the fiscal year for claims incurred during the previous period.

C. Budgets

The City adopts annual appropriated budgets for all funds. These budgets are appropriated at the fund. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

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

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

Budgeted amounts are authorized to be transferred between departments within any fund or object

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

The City consolidates funds in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual. The City budgeted for \$436,506 of interfund transfers between consolidating funds. The City budget process includes an amount for a residual balance.

The City over expended its Consumer Deposits fund due to the difficulty and uncertainty of budgeting for customers to leave the utility system. See also, note 7.

D. Cash and Investments

See Note 2, *Deposits and Investments*.

E. Capital Assets

The City does not have a formal capitalization policy. Capital assets and inventory are recorded as capital expenditures when purchased. The City does, however, have a small and attractive assets policy (Resolution 700) that maintains an inventory of certain assets with a value of \$100 or more and a useful life of at least one year.

F. Compensated Absences

Vacation leave may be accumulated up to 320 hours and is payable upon separation or retirement. Sick leave may be accumulated 480 hours. Upon separation or retirement employees will receive payment for one third unused sick leave. Comp time balances are payable in full upon separation or retirement. Payments are recognized as expenditures when paid. Total compensated absences due as the end of 2017 are \$132,515.

G. Long-Term Debt

See Note 4, *Debt Service Requirements*.

H. Reserved Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments is reported as reserved 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 reserved resources first before using unreserved amounts.

Reservations of Ending Cash and Investments consist of:

Note 2 – Deposits and Investments

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

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

Investments are reported at market value. Investments by type at December 31, 2017 are as follows:

Note 3 Property Tax

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

Property tax revenues are recognized when cash is received by the City. 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 2017 was \$2.7737568 per \$1,000 on an assessed valuation of \$94,846,925 for a total regular levy of \$263,082.31.

Note 4 – Debt Service Requirements

Debt Service

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the City and summarizes the City debt transactions for year ended December 31, 2017.

The debt service requirements for revenue bonds and other debt are as follows:

The payments for the City's USDA loans #02, 05 and 06 will not match the loan amortization schedule because the interest accrues daily and payments may have been made on days other than the actual due date.

Note 5 – 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 PERS 2/3, LEOFF1, and LEOFF 2.

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.

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.

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

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 6 – Risk Management

A. WICA

The city of McCleary is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 161 members.

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

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

Insurance for property, automobile physical damage, fidelity, inland marine, and boiler and machinery coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that to \$300 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

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

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

B. AWC

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

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

As of December 31, 2017, 261 cities/towns/non-city entities participate in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members. The AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all current members. The AWC Trust HCP includes medical, dental and vision insurance through the following carriers: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, and Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2017, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Life Map, and Kaiser ISL at \$1 million with Companion Life through ASG Risk Management. The aggregate policy is for 200% of expected medical claims.

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

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and two appointed individuals from the AWC Board of Directors, who are from Trust member cities or towns.

The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW. The Board of Trustees has decision authority consistent with

the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

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

Note 7 - Other Disclosures

A. Violations of finance-related legal or contractual provisions

For over expended budgets, see note 1C.

B. Washington State Auditor's Office Exit Recommendations

The City received a few exit recommendations during the audit of the period ended December 31, 2016. The City has been working diligently to resolve these issues and expects they will be fully resolved by the end of 2018.

C. Interlocal Agreements

The City has an Interlocal Agreement with Grays Harbor County Fire Districts 5 and 13 to provide firefighting and EMS services.

The City participates in an Interlocal Agreement with the Cities of Aberdeen, Elma, Montesano, Ocean Shores, Oakville, and Westport for the purposes of loans of equipment, vehicles, other personal property, and staff for emergency purposes.

In 2014 the City contracted with Grays Harbor County Court system to provide municipal court services. The City will review and renew the contract every three years.

In 2015, the City entered into an interlocal agreement between the City, the City of Elma, and Grays Harbor Fire District #5. The purpose of this agreement was to set out the terms under which the agencies could share the use of the equipment each government possesses upon request from the other co-signors of the agreement. Terms of the agreement include the duties to maintain borrowed equipment, limitation of the use of the equipment, etc.

In 2016 the City entered into an interlocal agreement with McCleary School District #65 to facilitate construction of new recreational facilities on the school site.

In 2017 the City entered into a mutual aid agreement with Grays Harbor Public Works for mutual support during disasters and emergencies to protect life and property when an event is beyond the capabilities of the affected entity.

In 2017 the City entered into an interlocal agreement with Grays Harbor County for public works labor and equipment.

In 2017 the City entered into an interlocal agreement with Washington State Department of Corrections for mutual aid related to investigating, locating and apprehending fugitives and offenders that pose the greatest danger or risk to the community.

D. Pending Litigation

The City has the following in process litigation pending items.

- A. Active: Lawsuit filed by Great Rivers Behavioral Health Organization (BHO) relating to a number of claims associated with the City's adoption of certain definitional changes to the Zoning Code. It alleges various violations, including violation of BHO's rights under the 14th Amendment, the Americans with Disabilities Act, and due process. This case does not present a major fiscal risk to the City.
- B. Potential: The City has received an extensive public records request related to a former employee who voluntarily left their position for a position with another employer, only to return shortly thereafter requesting to be reinstated to their position. The employee was not reinstated. While no claims have been filed, the City's attorney believes there is reasonable concern that this could become an active claim.

Pending items from the 2016 annual report related to "Gavatt", "Enriquez," and "Vision" have passed their statute of limitations without further claim and are no longer considered pending.

City of McCleary

Schedule 01

For the year ended December 31, 2017

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0344	001	Current Expense	3088000	Unreserved Cash and Investments - Beginning	\$507,048
0344	001	Current Expense	3111000	Property Tax	\$241,613
0344	001	Current Expense	3131100	Local Retail Sales and Use Tax	\$113,165
0344	001	Current Expense	3131500	Special Purpose Sales and Use Tax	\$38,918
0344	001	Current Expense	3137100	Criminal Justice Sales and Use Tax	\$22,566
0344	001	Current Expense	3164000	Business and Occupation Taxes on Utilities	\$313,843
0344	001	Current Expense	3164300	Business and Occupation Taxes on Utilities	\$6,664
0344	001	Current Expense	3164600	Business and Occupation Taxes on Utilities	\$23,747
0344	001	Current Expense	3164700	Business and Occupation Taxes on Utilities	\$26,145
0344	001	Current Expense	3221000	Buildings, Structures and Equipment	\$33,096
0344	001	Current Expense	3223000	Animal Licenses	\$200
0344	001	Current Expense	3340490	State Grant from Department of Health	\$1,270
0344	001	Current Expense	3360071	Multimodal Transportation - Cities	\$1,772
0344	001	Current Expense	3360098	City-County Assistance	\$50,934
0344	001	Current Expense	3360621	Criminal Justice - Violent Crimes/Population	\$1,000
0344	001	Current Expense	3360626	Criminal Justice - Special Programs	\$1,729
0344	001	Current Expense	3360651	DUI and Other Criminal Justice Assistance	\$255
0344	001	Current Expense	3360694	Liquor/Beer Excise Tax	\$8,122
0344	001	Current Expense	3360695	Liquor Control Board Profits	\$14,226

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0344	001	Current Expense	3370000	Local Grants, Entitlements and Other Payments	\$753
0344	001	Current Expense	3418100	Data/Word Processing, Printing, Duplicating and IT Services	\$141
0344	001	Current Expense	3419100	Election Candidate Filing Services	\$228
0344	001	Current Expense	3422100	Fire Protection and Emergency Medical Services	\$9,848
0344	001	Current Expense	3422100	Fire Protection and Emergency Medical Services	\$772
0344	001	Current Expense	3436000	Cemetery Sales and Services	\$3,414
0344	001	Current Expense	3436000	Cemetery Sales and Services	\$777
0344	001	Current Expense	3458300	Plan Checking Services	\$11,817
0344	001	Current Expense	3529000	Other Civil Penalties	\$20,540
0344	001	Current Expense	3599000	Non-Court Fines and Penalties	\$1,248
0344	001	Current Expense	3611100	Investment Earnings	\$2,852
0344	001	Current Expense	3611100	Investment Earnings	\$1,143
0344	001	Current Expense	3614000	Other Interest	\$272
0344	001	Current Expense	3624000	Rents and Leases	\$5,800
0344	001	Current Expense	3624000	Rents and Leases	\$2,250
0344	001	Current Expense	3625000	Rents and Leases	\$12,545
0344	001	Current Expense	3691000	Sale of Surplus	\$2,479
0344	001	Current Expense	3693000	Confiscated and Forfeited Property	\$1,265
0344	001	Current Expense	3694100	Judgments and Settlements	\$2,545
0344	001	Current Expense	3698000	Cash Adjustments	(\$140)
0344	001	Current Expense	3699100	Miscellaneous Other	\$57
0344	001	Current Expense	3860000	Court Remittances	\$305
0344	001	Current Expense	3860000	Court Remittances	\$24,158
0344	001	Current Expense	3860000	Court Remittances	\$117
0344	001	Current Expense	3894000	Agency Type Deposits	\$7,056

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0344	001	Current Expense	3899000	Other Custodial Activities	\$456
0344	102	Street Fund	3081000	Reserved Cash and Investments - Beginning	\$116,986
0344	102	Street Fund	3111000	Property Tax	\$26,846
0344	102	Street Fund	3221000	Buildings, Structures and Equipment	\$2,382
0344	102	Street Fund	3340360	State Grant from Department of Transportation	\$39,032
0344	102	Street Fund	3340690	State Grant from Other State Agencies	\$16,084
0344	102	Street Fund	3360087	Motor Vehicle Fuel Tax - City Streets	\$36,492
0344	102	Street Fund	3611000	Investment Earnings	\$43
0344	102	Street Fund	3611100	Investment Earnings	\$605
0344	102	Street Fund	3899000	Other Custodial Activities	\$108
0344	102	Street Fund	3952000	Compensation for Loss/Impairment of Capital Assets	\$83
0344	102	Street Fund	3981000	Insurance Recoveries	\$1,132
0344	301	REET Excise Tax - Capital Projects	3081000	Reserved Cash and Investments - Beginning	\$59,189
0344	301	REET Excise Tax - Capital Projects	3183400	REET 1 - First Quarter Percent	\$36,795
0344	301	REET Excise Tax - Capital Projects	3611000	Investment Earnings	\$462
0344	401	Light And Power Fund	3081000	Reserved Cash and Investments - Beginning	\$93,301
0344	401	Light And Power Fund	3088000	Unreserved Cash and Investments - Beginning	\$603,757
0344	401	Light And Power Fund	3340690	State Grant from Other State Agencies	\$50,607
0344	401	Light And Power Fund	3433000	Electricity/Gas Sales and Services	\$2,655,021
0344	401	Light And Power Fund	3433000	Electricity/Gas Sales and Services	\$48,095
0344	401	Light And Power Fund	3611000	Investment Earnings	\$3,717
0344	401	Light And Power Fund	3611100	Investment Earnings	\$1,430
0344	401	Light And Power Fund	3611100	Investment Earnings	\$461
0344	401	Light And Power Fund	3622000	Rents and Leases	\$14,254

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0344	401	Light And Power Fund	3671100	Contributions and Donations from Nongovernmental Sources	\$16,601
0344	401	Light And Power Fund	3899000	Other Custodial Activities	\$8,501
0344	401	Light And Power Fund	3952000	Compensation for Loss/Impairment of Capital Assets	\$83
0344	405	Water Fund	3088000	Unreserved Cash and Investments - Beginning	\$802,605
0344	405	Water Fund	3434000	Water Sales and Services	\$717,161
0344	405	Water Fund	3439000	Irrigation/Reclamation Sales and Services	\$6,661
0344	405	Water Fund	3611000	Investment Earnings	\$4,269
0344	405	Water Fund	3611100	Investment Earnings	\$968
0344	405	Water Fund	3670000	Contributions and Donations from Nongovernmental Sources	\$45,678
0344	405	Water Fund	3681000	Special Assessments - Capital	\$624
0344	405	Water Fund	3699100	Miscellaneous Other	\$25
0344	405	Water Fund	3899000	Other Custodial Activities	\$6
0344	407	Sewer Fund	3081000	Reserved Cash and Investments - Beginning	\$198,113
0344	407	Sewer Fund	3088000	Unreserved Cash and Investments - Beginning	\$213,121
0344	407	Sewer Fund	3435000	Sewer/Reclaimed Water Sales and Services	\$730,870
0344	407	Sewer Fund	3439000	Irrigation/Reclamation Sales and Services	\$2,900
0344	407	Sewer Fund	3611000	Investment Earnings	\$286
0344	407	Sewer Fund	3611100	Investment Earnings	\$364
0344	407	Sewer Fund	3611100	Investment Earnings	\$750
0344	407	Sewer Fund	3670000	Contributions and Donations from Nongovernmental Sources	\$66,600
0344	407	Sewer Fund	3699100	Miscellaneous Other	\$25

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0344	407	Sewer Fund	3899000	Other Custodial Activities	\$257
0344	409	Storm Water Fund	3088000	Unreserved Cash and Investments - Beginning	\$25,026
0344	409	Storm Water Fund	3431000	Storm Drainage Sales and Services	\$112,625
0344	409	Storm Water Fund	3611000	Investment Earnings	\$189
0344	409	Storm Water Fund	3670000	Contributions and Donations from Nongovernmental Sources	\$13,383
0344	409	Storm Water Fund	3899000	Other Custodial Activities	\$6
0344	409	Storm Water Fund	3952000	Compensation for Loss/Impairment of Capital Assets	\$83
0344	413	Ambulance Fund	3088000	Unreserved Cash and Investments - Beginning	\$34,724
0344	413	Ambulance Fund	3426000	Ambulance Services	\$96,369
0344	413	Ambulance Fund	3611000	Investment Earnings	\$215
0344	620	L. Baum Reward Fund	3081000	Reserved Cash and Investments - Beginning	\$5,009
0344	620	L. Baum Reward Fund	3614000	Other Interest	\$30
0344	630	Consumer Deposits L/P Fund	3088000	Unreserved Cash and Investments - Beginning	\$19,094
0344	630	Consumer Deposits L/P Fund	3891000	Refundable Deposits	\$404
0344	001	Current Expense	5116010	Legislative Activities	\$6,000
0344	001	Current Expense	5116020	Legislative Activities	\$550
0344	001	Current Expense	5116030	Legislative Activities	\$488
0344	001	Current Expense	5125050	Municipal Court	\$16,100
0344	001	Current Expense	5131010	Executive Office	\$3,600
0344	001	Current Expense	5131020	Executive Office	\$342
0344	001	Current Expense	5131030	Executive Office	\$102
0344	001	Current Expense	5142010	Financial Services	\$26,703
0344	001	Current Expense	5142020	Financial Services	\$14,640
0344	001	Current Expense	5142030	Financial Services	\$3,348
0344	001	Current Expense	5142040	Financial Services	\$15,031
0344	001	Current Expense	5142040	Financial Services	\$5,199

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0344	001	Current Expense	5142040	Financial Services	\$3
0344	001	Current Expense	5142040	Financial Services	\$17,346
0344	001	Current Expense	5142040	Financial Services	\$1,580
0344	001	Current Expense	5142040	Financial Services	\$216
0344	001	Current Expense	5142040	Financial Services	\$4,522
0344	001	Current Expense	5142040	Financial Services	\$827
0344	001	Current Expense	5142050	Financial Services	\$335
0344	001	Current Expense	5142340	Financial Services	\$7,442
0344	001	Current Expense	5144040	Election Services	\$3,838
0344	001	Current Expense	5153040	Legal Services	\$33,261
0344	001	Current Expense	5153040	Legal Services	\$1,540
0344	001	Current Expense	5153040	Legal Services	\$16,424
0344	001	Current Expense	5153040	Legal Services	\$994
0344	001	Current Expense	5159140	General Indigent Defense	\$8,100
0344	001	Current Expense	5183040	Maintenance/Security/In surance/Janitorial Services	\$850
0344	001	Current Expense	5183040	Maintenance/Security/In surance/Janitorial Services	\$6,232
0344	001	Current Expense	5184030	Purchasing Services	\$2,620
0344	001	Current Expense	5212010	Police Operations	\$239,120
0344	001	Current Expense	5212010	Police Operations	\$7,514
0344	001	Current Expense	5212020	Police Operations	\$119,198
0344	001	Current Expense	5212020	Police Operations	\$2,020
0344	001	Current Expense	5212020	Police Operations	\$1,259
0344	001	Current Expense	5212030	Police Operations	\$4,952
0344	001	Current Expense	5212030	Police Operations	\$10,271
0344	001	Current Expense	5212040	Police Operations	\$10,634
0344	001	Current Expense	5212040	Police Operations	\$4,658
0344	001	Current Expense	5212040	Police Operations	\$5,605
0344	001	Current Expense	5212040	Police Operations	\$175
0344	001	Current Expense	5212040	Police Operations	\$1,361
0344	001	Current Expense	5212040	Police Operations	\$3,377
0344	001	Current Expense	5212040	Police Operations	\$4,126

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0344	001	Current Expense	5212040	Police Operations	\$207
0344	001	Current Expense	5214040	Training	\$900
0344	001	Current Expense	5222010	Fire Suppression and Emergency Medical Services	\$17,226
0344	001	Current Expense	5222020	Fire Suppression and Emergency Medical Services	\$3,853
0344	001	Current Expense	5222030	Fire Suppression and Emergency Medical Services	\$2,174
0344	001	Current Expense	5222030	Fire Suppression and Emergency Medical Services	\$940
0344	001	Current Expense	5222040	Fire Suppression and Emergency Medical Services	\$2,638
0344	001	Current Expense	5222040	Fire Suppression and Emergency Medical Services	\$138
0344	001	Current Expense	5222040	Fire Suppression and Emergency Medical Services	\$75
0344	001	Current Expense	5222040	Fire Suppression and Emergency Medical Services	\$2,097
0344	001	Current Expense	5222040	Fire Suppression and Emergency Medical Services	\$3,376
0344	001	Current Expense	5222040	Fire Suppression and Emergency Medical Services	\$45
0344	001	Current Expense	5222040	Fire Suppression and Emergency Medical Services	\$403
0344	001	Current Expense	5236050	Care and Custody of Prisoners	\$9,528
0344	001	Current Expense	5242010	Inspections, Permits, Certificates and Licenses	\$3,266
0344	001	Current Expense	5242020	Inspections, Permits, Certificates and Licenses	\$2,432
0344	001	Current Expense	5242030	Inspections, Permits, Certificates and Licenses	\$951
0344	001	Current Expense	5242030	Inspections, Permits, Certificates and Licenses	\$344

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0344	001	Current Expense	5242040	Inspections, Permits, Certificates and Licenses	\$39,337
0344	001	Current Expense	5242040	Inspections, Permits, Certificates and Licenses	\$1,309
0344	001	Current Expense	5242040	Inspections, Permits, Certificates and Licenses	\$702
0344	001	Current Expense	5242040	Inspections, Permits, Certificates and Licenses	\$135
0344	001	Current Expense	5242040	Inspections, Permits, Certificates and Licenses	\$1,085
0344	001	Current Expense	5242040	Inspections, Permits, Certificates and Licenses	\$450
0344	001	Current Expense	5242040	Inspections, Permits, Certificates and Licenses	\$1,675
0344	001	Current Expense	5242050	Inspections, Permits, Certificates and Licenses	\$287
0344	001	Current Expense	5286050	Dispatch Services	\$15,073
0344	001	Current Expense	5362010	Cemetery	\$7,322
0344	001	Current Expense	5362020	Cemetery	\$3,817
0344	001	Current Expense	5362030	Cemetery	\$55
0344	001	Current Expense	5362030	Cemetery	\$1,372
0344	001	Current Expense	5362030	Cemetery	\$191
0344	001	Current Expense	5362040	Cemetery	\$1,524
0344	001	Current Expense	5362040	Cemetery	\$6
0344	001	Current Expense	5362040	Cemetery	\$7
0344	001	Current Expense	5362040	Cemetery	\$46
0344	001	Current Expense	5362040	Cemetery	\$541
0344	001	Current Expense	5362040	Cemetery	\$5
0344	001	Current Expense	5362040	Cemetery	\$3
0344	001	Current Expense	5362050	Cemetery	\$90
0344	001	Current Expense	5586050	Planning	\$52,500
0344	001	Current Expense	5725040	Facilities	\$4,344
0344	001	Current Expense	5725040	Facilities	\$59
0344	001	Current Expense	5753040	Museums and Art Galleries	\$2,664
0344	001	Current Expense	5768010	General Parks	\$7,889
0344	001	Current Expense	5768020	General Parks	\$3,602
0344	001	Current Expense	5768030	General Parks	\$20

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0344	001	Current Expense	5768030	General Parks	\$191
0344	001	Current Expense	5768030	General Parks	\$2,803
0344	001	Current Expense	5768040	General Parks	\$3,486
0344	001	Current Expense	5768040	General Parks	\$6
0344	001	Current Expense	5768040	General Parks	\$7
0344	001	Current Expense	5768040	General Parks	\$46
0344	001	Current Expense	5768040	General Parks	\$9,349
0344	001	Current Expense	5768040	General Parks	\$1,580
0344	001	Current Expense	5768040	General Parks	\$5
0344	001	Current Expense	5768040	General Parks	\$3
0344	001	Current Expense	5768050	General Parks	\$90
0344	001	Current Expense	5768030	General Parks	\$935
0344	001	Current Expense	5891400	Refund of Deposits	\$21,996
0344	001	Current Expense	5899000	Other Custodial Activities	\$779
0344	001	Current Expense	5912270	Debt Repayment - Fire Suppression and EMS Services	\$3,894
0344	001	Current Expense	5922280	Interest and Other Debt Service Cost - Fire Suppression and EMS Services	\$2,749
0344	001	Current Expense	5943660	Capital Expenditures/Expenses - Cemetery	\$1,690
0344	001	Current Expense	5947660	Capital Expenditures/Expenses - Park Facilities	\$1,690
0344	001	Current Expense	5088000	Unreserved Cash and Investments - Ending	\$658,506
0344	102	Street Fund	5423010	Roadway	\$19,107
0344	102	Street Fund	5423020	Roadway	\$10,574
0344	102	Street Fund	5423030	Roadway	\$6,925
0344	102	Street Fund	5423030	Roadway	\$661
0344	102	Street Fund	5423030	Roadway	\$710
0344	102	Street Fund	5423040	Roadway	\$9,096
0344	102	Street Fund	5423040	Roadway	\$68,371
0344	102	Street Fund	5423040	Roadway	\$19
0344	102	Street Fund	5423040	Roadway	\$167

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0344	102	Street Fund	5423040	Roadway	\$1,341
0344	102	Street Fund	5423040	Roadway	\$6,511
0344	102	Street Fund	5423040	Roadway	\$5,698
0344	102	Street Fund	5423040	Roadway	\$62
0344	102	Street Fund	5423040	Roadway	\$17
0344	102	Street Fund	5953060	Capital Expenditures/Expenses - Roadway	\$5,924
0344	102	Street Fund	5954260	Capital Expenditures/Expenses - Drainage	\$3,312
0344	102	Street Fund	5081000	Reserved Cash and Investments - Ending	\$101,299
0344	301	REET Excise Tax - Capital Projects	5081000	Reserved Cash and Investments - Ending	\$96,445
0344	401	Light And Power Fund	5212040	Police Operations	\$7,348
0344	401	Light And Power Fund	5222040	Fire Suppression and Emergency Medical Services	\$17,042
0344	401	Light And Power Fund	5338010	Electric/Gas Utilities	\$495,700
0344	401	Light And Power Fund	5338020	Electric/Gas Utilities	\$248,864
0344	401	Light And Power Fund	5338030	Electric/Gas Utilities	\$61,067
0344	401	Light And Power Fund	5338030	Electric/Gas Utilities	\$2,304
0344	401	Light And Power Fund	5338030	Electric/Gas Utilities	\$6,822
0344	401	Light And Power Fund	5338030	Electric/Gas Utilities	\$5,732
0344	401	Light And Power Fund	5338030	Electric/Gas Utilities	\$5,088
0344	401	Light And Power Fund	5338030	Electric/Gas Utilities	\$1,284,923
0344	401	Light And Power Fund	5338030	Electric/Gas Utilities	\$154,330
0344	401	Light And Power Fund	5338030	Electric/Gas Utilities	\$14,353
0344	401	Light And Power Fund	5338030	Electric/Gas Utilities	(\$55,442)
0344	401	Light And Power Fund	5338040	Electric/Gas Utilities	\$34,251
0344	401	Light And Power Fund	5338040	Electric/Gas Utilities	\$25,932
0344	401	Light And Power Fund	5338040	Electric/Gas Utilities	\$13,630
0344	401	Light And Power Fund	5338040	Electric/Gas Utilities	\$11,178
0344	401	Light And Power Fund	5338040	Electric/Gas Utilities	\$435
0344	401	Light And Power Fund	5338040	Electric/Gas Utilities	\$299
0344	401	Light And Power Fund	5338040	Electric/Gas Utilities	\$270

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0344	401	Light And Power Fund	5338040	Electric/Gas Utilities	\$16,013
0344	401	Light And Power Fund	5338040	Electric/Gas Utilities	\$26,793
0344	401	Light And Power Fund	5338040	Electric/Gas Utilities	\$134
0344	401	Light And Power Fund	5338040	Electric/Gas Utilities	\$252
0344	401	Light And Power Fund	5338050	Electric/Gas Utilities	\$106,070
0344	401	Light And Power Fund	5942260	Capital Expenditures/Expenses - Fire Suppression and EMS Services	\$12,000
0344	401	Light And Power Fund	5943360	Capital Expenditures/Expenses - Electric/Gas Utilities	\$11,882
0344	401	Light And Power Fund	5943360	Capital Expenditures/Expenses - Electric/Gas Utilities	\$8,837
0344	401	Light And Power Fund	5943360	Capital Expenditures/Expenses - Electric/Gas Utilities	\$10,966
0344	401	Light And Power Fund	5081000	Reserved Cash and Investments - Ending	\$317,660
0344	401	Light And Power Fund	5088000	Unreserved Cash and Investments - Ending	\$651,099
0344	405	Water Fund	5347010	Water Utilities	\$187,687
0344	405	Water Fund	5347020	Water Utilities	\$108,799
0344	405	Water Fund	5347030	Water Utilities	\$34,474
0344	405	Water Fund	5347030	Water Utilities	\$4,371
0344	405	Water Fund	5347030	Water Utilities	\$1,061
0344	405	Water Fund	5347040	Water Utilities	\$20,143
0344	405	Water Fund	5347040	Water Utilities	\$2,308
0344	405	Water Fund	5347040	Water Utilities	\$3,011
0344	405	Water Fund	5347040	Water Utilities	\$5,954
0344	405	Water Fund	5347040	Water Utilities	\$139
0344	405	Water Fund	5347040	Water Utilities	\$74
0344	405	Water Fund	5347040	Water Utilities	\$1,212
0344	405	Water Fund	5347040	Water Utilities	\$16,202
0344	405	Water Fund	5347040	Water Utilities	\$16,051
0344	405	Water Fund	5347040	Water Utilities	\$1,456
0344	405	Water Fund	5347040	Water Utilities	\$571
0344	405	Water Fund	5347040	Water Utilities	\$1,424

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0344	405	Water Fund	5347050	Water Utilities	\$38,899
0344	405	Water Fund	5913470	Debt Repayment - Water Utilities	\$79,691
0344	405	Water Fund	5913470	Debt Repayment - Water Utilities	\$15,466
0344	405	Water Fund	5923480	Interest and Other Debt Service Cost - Water Utilities	\$8,236
0344	405	Water Fund	5923480	Interest and Other Debt Service Cost - Water Utilities	\$5,977
0344	405	Water Fund	5943460	Capital Expenditures/Expenses - Water Utilities	\$30,688
0344	405	Water Fund	5943460	Capital Expenditures/Expenses - Water Utilities	\$10,889
0344	405	Water Fund	5081000	Reserved Cash and Investments - Ending	\$227,707
0344	405	Water Fund	5088000	Unreserved Cash and Investments - Ending	\$755,509
0344	407	Sewer Fund	5357010	Sewer/Reclaimed Water Utilities	\$240,641
0344	407	Sewer Fund	5357020	Sewer/Reclaimed Water Utilities	\$135,045
0344	407	Sewer Fund	5357030	Sewer/Reclaimed Water Utilities	\$1,978
0344	407	Sewer Fund	5357030	Sewer/Reclaimed Water Utilities	\$48,623
0344	407	Sewer Fund	5357030	Sewer/Reclaimed Water Utilities	\$4,737
0344	407	Sewer Fund	5357040	Sewer/Reclaimed Water Utilities	\$35,316
0344	407	Sewer Fund	5357040	Sewer/Reclaimed Water Utilities	\$3,128
0344	407	Sewer Fund	5357040	Sewer/Reclaimed Water Utilities	\$22,765
0344	407	Sewer Fund	5357040	Sewer/Reclaimed Water Utilities	\$10,537
0344	407	Sewer Fund	5357040	Sewer/Reclaimed Water Utilities	\$117
0344	407	Sewer Fund	5357040	Sewer/Reclaimed Water Utilities	\$121

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0344	407	Sewer Fund	5357040	Sewer/Reclaimed Water Utilities	\$1,033
0344	407	Sewer Fund	5357040	Sewer/Reclaimed Water Utilities	\$52,630
0344	407	Sewer Fund	5357040	Sewer/Reclaimed Water Utilities	\$79,719
0344	407	Sewer Fund	5357040	Sewer/Reclaimed Water Utilities	\$92
0344	407	Sewer Fund	5357040	Sewer/Reclaimed Water Utilities	\$3,522
0344	407	Sewer Fund	5357040	Sewer/Reclaimed Water Utilities	\$100
0344	407	Sewer Fund	5357050	Sewer/Reclaimed Water Utilities	\$19,051
0344	407	Sewer Fund	5913570	Debt Repayment - Sewer/Reclaimed Water Utilities	\$41,617
0344	407	Sewer Fund	5913570	Debt Repayment - Sewer/Reclaimed Water Utilities	\$20,574
0344	407	Sewer Fund	5923580	Interest and Other Debt Service Cost - Sewer/Reclaimed Water Utilities	\$104,561
0344	407	Sewer Fund	5923580	Interest and Other Debt Service Cost - Sewer/Reclaimed Water Utilities	\$514
0344	407	Sewer Fund	5943560	Capital Expenditures/Expenses - Sewer/Reclaimed Water Utilities	\$162,410
0344	407	Sewer Fund	5943560	Capital Expenditures/Expenses - Sewer/Reclaimed Water Utilities	\$9
0344	407	Sewer Fund	5943560	Capital Expenditures/Expenses - Sewer/Reclaimed Water Utilities	\$2,932
0344	407	Sewer Fund	5081000	Reserved Cash and Investments - Ending	\$153,050
0344	407	Sewer Fund	5088000	Unreserved Cash and Investments - Ending	\$68,465
0344	409	Storm Water Fund	5317010	Storm Drainage Utilities	\$48,418

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0344	409	Storm Water Fund	5317020	Storm Drainage Utilities	\$29,205
0344	409	Storm Water Fund	5317030	Storm Drainage Utilities	\$9,372
0344	409	Storm Water Fund	5317030	Storm Drainage Utilities	\$2,021
0344	409	Storm Water Fund	5317030	Storm Drainage Utilities	\$292
0344	409	Storm Water Fund	5317030	Storm Drainage Utilities	\$651
0344	409	Storm Water Fund	5317040	Storm Drainage Utilities	\$6,774
0344	409	Storm Water Fund	5317040	Storm Drainage Utilities	\$411
0344	409	Storm Water Fund	5317040	Storm Drainage Utilities	\$1,271
0344	409	Storm Water Fund	5317040	Storm Drainage Utilities	\$4,435
0344	409	Storm Water Fund	5317050	Storm Drainage Utilities	\$1,762
0344	409	Storm Water Fund	5318040	Storm Drainage Utilities	\$230
0344	409	Storm Water Fund	5943160	Capital Expenditures/Expenses - Storm Drainage Utilities	\$10,889
0344	409	Storm Water Fund	5088000	Unreserved Cash and Investments - Ending	\$35,583
0344	413	Ambulance Fund	5227010	Ambulance Services	\$5,227
0344	413	Ambulance Fund	5227020	Ambulance Services	\$2,856
0344	413	Ambulance Fund	5227030	Ambulance Services	\$36
0344	413	Ambulance Fund	5227040	Ambulance Services	\$5
0344	413	Ambulance Fund	5227040	Ambulance Services	\$103
0344	413	Ambulance Fund	5227050	Ambulance Services	\$84,850
0344	413	Ambulance Fund	5227050	Ambulance Services	\$1,444
0344	413	Ambulance Fund	5081000	Reserved Cash and Investments - Ending	\$36,786
0344	620	L. Baum Reward Fund	5088000	Unreserved Cash and Investments - Ending	\$5,039
0344	630	Consumer Deposits L/P Fund	5893300	Agency Type Remittances	\$917
0344	630	Consumer Deposits L/P Fund	5088000	Unreserved Cash and Investments - Ending	\$18,582

SCHEDULE OF DISBURSEMENT ACTIVITY

For Year Ending: December 31, 2017

Fund	Fund Title	Beginning Outstanding Items 01/01/2017	Issued During The Year	During The Year	Redeemed During The Year	Canceled During The Year	Ending Outstanding Items 12/31/2017	Prior Yr Open Period Items	Curr Yr Open Period Items	Disbursements 12/31/2017
001	Current Expense	62,898.39	862,748.71	868,098.83		91.39	57,456.88	0.00	0.00	862,657.32
102	Street Fund	2,388.14	138,730.93	124,662.40			16,456.67	0.00	0.00	138,730.93
401	Light And Power Fund	35,129.19	2,557,935.97	2,570,118.12			22,947.04	0.00	0.00	2,557,935.97
405	Water Fund	15,795.93	597,357.34	599,517.74			13,635.53	0.00	0.00	597,357.34
407	Sewer Fund	40,441.52	991,394.50	1,018,530.67			13,305.35	0.00	0.00	991,394.50
409	Storm Water Fund	3,356.30	115,244.13	115,544.21			3,056.22	0.00	0.00	115,244.13
413	Ambulance Fund	13.08	94,657.04	94,604.39			65.73	0.00	0.00	94,657.04
630	Consumer Deposits L/P Fund	34.98	425.52	425.52		34.98		0.00	0.00	390.54
TOTALS:		160,057.53	5,358,494.14	5,391,501.88		126.37	126,923.42			5,358,367.77

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

<u>ID. No.</u>	<u>Description</u>	<u>Due Date</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
General Obligation Debt/Liabilities						
263.51	Fire-Station-Birindelli Property 1/17/2013	2/1/2027	56,751	-	3,894	52,857
Total General Obligation Debt/Liabilities:			56,751	-	3,894	52,857
Revenue and Other (non G.O.) Debt/Liabilities						
252.11	USDA Sewer Bond Originated 3/21/2005	12/1/2045	2,334,168	-	41,617	2,292,551
263.82	Sewer Originated 7/1/2001	7/1/2021	102,870	-	20,574	82,296
263.82	USDA Loan 5 for Water Meters/Well Exploration 3/1/2010	3/1/2030	80,900	-	4,862	76,038
263.82	USDA Loan 6 for additional Well Exploration and Reservoir Painting 3/1/2010	3/1/2030	176,398	-	10,604	165,794
263.82	PWTF Well 2 \$ 3 Improvements 7/1/2011	6/1/2032	1,195,368	-	79,691	1,115,677
259.12	Compensated Absences		147,228	-	14,713	132,515
264.30	Pension Liability		937,248	-	192,389	744,859
Total Revenue and Other (non G.O.) Debt/Liabilities:			4,974,180	-	364,450	4,609,730
Total Liabilities:			5,030,931	-	368,344	4,662,587

SCHEDULE OF CASH ACTIVITY

For Year Ending: December 31, 2017

Fund	Beg Balance	Receipts	Transfers-In	Other Rev	Netted Trans	Ttl Increase	Disbursements	Trans-Out	Other Exp	Ttl Decrease	End Balance
001 Current Expense	507,047.56	1,016,290.39				1,015,655.35	862,748.71		1,448.06	864,196.77	658,506.14
102 Street Fund	116,985.65	122,813.64		-635.04		122,813.64	138,730.93		-230.51	138,500.42	101,298.87
301 RETI Excise Tax - Capital Projec	59,188.98	37,256.50				37,256.50					96,445.48
401 Light And Power Fund	697,058.15	2,828,027.64		-2,443.50		2,825,584.14	2,557,935.97		-4,051.98	2,553,883.99	968,758.30
405 Water Fund	802,605.27	778,795.27		-996.90		777,798.37	597,357.34		-170.12	597,187.22	983,216.42
407 Sewer Fund	411,233.55	805,810.39		-935.44		804,874.95	991,394.50		3,199.50	994,594.00	221,514.50
409 Storm Water Fund	25,025.97	126,289.90		-102.60		126,187.30	115,244.13		386.09	115,630.22	35,583.05
413 Ambulance Fund	34,723.56	97,169.73		-119.21		97,050.52	94,657.04		330.79	94,987.83	36,786.25
620 L. Baum Reward Fund	5,008.83	30.30				30.30					5,039.13
630 Consumer Deposits L/P Fund	19,094.30	-122.04				-122.04	425.52		-34.98	390.54	18,581.72
TOTALS:	2,677,971.82	5,812,361.72	0.00	-5,232.69		5,807,129.03	5,358,494.14	0.00	876.85	5,359,370.99	3,125,729.86

City of McCleary

SCHEDULE OF STATE FINANCIAL ASSISTANCE (unaudited)
For Fiscal Year ended December 31, 2017

Grantor	Program Title	Identificaton Number	Amount
State Grant from Department of Health	Pre-Hospitalization Grant	2017	1,270
		Sub-total:	1,270
State Grant from Department of Transportation	DOT 3rd Street Improvement Plan	STPR-Z141	54,810
		Sub-total:	54,810
State Grant from Department of Commerce	Community Economic Revitalization Board	S17-790A0-116	50,000
		Sub-total:	50,000
State Grant from Other State Agencies	TIB Emergency Repair Grant	2-W-956(003)-1	16,084
		Sub-total:	16,084
		Grand total:	122,164

Labor Relations Consultant(S)
For the Year Ended December 31, 2017

Has your government engaged labor relations consultants? ☒ Yes ☐ No

If yes, please provide the following information for each consultant:

Name of firm: Ogden Murphy Wallace
Name of consultant: W. Scott Snyder
Business address: 901 Fifth Ave, Suite 3500 Seattle, WA 98164-2008
Amount paid to consultant during fiscal year: \$23,405.00
Terms and conditions, as applicable, including: Rates (e.g., hourly, etc.) Maximum compensation allowed Duration of services Services provided

LOCAL GOVERNMENT RISK-ASSUMPTION
For the Year Ended December 31, 20__

1. no Does the entity self-insure for any class of risk, including liability, property, health and welfare, unemployment compensation, workers' compensation? (yes/no)

If NO, STOP, you do not need to complete the rest of this Schedule.

If YES, continue below.

- a. Which class of risk does the entity self-insure? Check all that apply.
- i. Liability
 - ii. Property
 - iii. Health and Welfare (medical, vision, dental, prescription)
 - iv. Unemployment Compensation
 - v. Workers' Compensation
 - vi. Other - please describe: _____
- b. Does the entity self-insure as an individual program? (yes/no)
- i. If answered YES, does the entity allow another separate legal entity into its self-insurance program(s)? (yes/no) For example, employees of a different organization participate in a health and welfare program of a city.
 If so, list the entity or entities: _____
- c. Does the entity self-insure as a joint program? (yes/no)
- If answered YES, list the other member(s): _____

2. ____ Does the entity administer its own claims? (yes/no)
3. ____ Does the entity contract with a third party administrator for claims administration? (yes/no)
4. ____ Did the entity receive a claims audit in the last three years, regardless of who administered the claims? (yes/no)
5. ____ Were the program's revenues sufficient to cover the program's expenses? (yes/no)
6. ____ Did the program use an actuary to determine its liabilities? (yes/no)

EXAMPLE

Description of Risk Type	Number of claims received during the period	Number of claims paid during the period	Total amount of claims paid during the period
Liability (automobile)	354	279	\$104,366

Description of Risk Type	Number of claims received during the period	Number of claims paid during the period	Total amount of claims paid during the period

TAB - J

STAFF REPORT

To: Mayor Pro Tem Orffer
From: Todd Baun, Director of Public Works
Date: June 11, 2018
Re: Council Schedule

In the past, the City Council has elected to have a “summer schedule” for the months of June, July, and August. This schedule consists of having the 1st Council meeting of each of those months only. This time of the year is usually the slowest part of the year and allows council and staff to schedule time to be away during the months.

Action Requested:

Please let us know if any revisions to the Summer Council schedule is warranted at this time.

TAB - K

STAFF REPORT

To: Mayor Pro Tem Orffer
From: Todd Baun, Director of Public Works
Date: June 11, 2018
Re: Beehive Discussion

Below is a request from the Marvin Pratt, CEO of the company running the Beehive:

We are in the process of refinancing our Beehive Retirement and Assisted Living Community in McCleary through the federal government's Housing and Urban Development 232 Program (HUD). As background, the Beehive has been a part of the City's landscape since our opening back in 1985. We have been serving seniors in the surrounding area and employing a number of citizens over those many years. Currently we serve 74 senior residents in the community and employee 53 people (18 of whom live in McCleary).

In the process of the title search, we were reminded that part of our property is currently leased from the City of McCleary. There are two small parcels on which our building sits. HUD requires that if there are ground leases, they extend beyond the period of the loan. Rather than simply extending these ground leases, our thought was to purchase these parcels from the City. We would like to explore presenting this to the City Council for approval.

Action Requested:

Please let staff know if you would like to consider selling the parcel to the Beehive.

41

Simpson Rd.

B-44004 STA

100

T

0630

23

McCleary 2nd

24

75
74

20

0605

Plat Of McCleary

19

0615
Diamond View
Tracts 2nd

0615
Diamond View
Tracts

MAPLE

Ma

0637
Maple Villa

30

6-12001

TAX 18

6-12006

6-12005
TAX 7

TAX 9
6-13001

26

29

0630

McCleary 2nd

Fir St

Pine S

6th St

5th St

Oak St.

Hemlock St.

TAX 17C
6-14009
TAX 17
6-14010
TAX 20
6-14011
TAX 17A
6-14012
TAX 17B

TAX 14
6-14006
TAX 10
6-14005

TAX 6
6-14007
TAX 6-1
TAX 6-14

REAL PROPERTY LEASE #1

PARTIES: The City Of McCleary, Washington,
(Lessor).

Beehive Retirement Center, Inc.,
a Washington corporation (Tenant).

AGREEMENTS:**1. PREMISES**

Lessor hereby leases to Tenant the real property described on Exhibit A attached hereto (Leased Premises).

2. TERM

This Lease shall run for a period of thirty-six (36) years commencing September 1, 1996. If Tenant refinances for a shorter term, the term of this lease shall be automatically reduced to equal the reduced financing term.

3. RENT

Tenant shall pay as yearly rent Two Hundred Dollars (\$200.00) in advance on the 17th day of September of each calendar year during the term of this Lease. The rent shall be paid to Lessor at the address hereinafter provided for giving notice to Lessor, or at such other place or to such other person as Lessor may designate in writing.

4. PURPOSE

Tenant shall use and occupy the Leased Premises in a manner consistent with operating its retirement center and assisted living facility.

5. MORTGAGE PROVISIONS

Lessor shall permit Tenant to mortgage the leasehold estate without Lessor's consent.

Lessor shall permit Tenant to assign Tenant's interest without Lessor's consent.

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10-12-96

The Lessor and leasehold mortgagee shall be an additional insured under the required liability insurance policies hereunder.

Lessor shall provide written notice of default to the leasehold mortgagee as a condition of the validity of the notice to Tenant. Tenant shall provide to Lessor the name and address of any leasehold mortgagee.

Lessor shall permit leasehold mortgagee to cure a default for the Tenant's account within the time permitted to Tenant plus reasonable additional time.

Lessor shall grant new lease to leasehold mortgagee on substantially the same terms as this lease with the same priority if this lease terminates because of either (i) default under the lease not curable by the leasehold mortgagee, or (ii) in the event of bankruptcy or insolvency of the Tenant, a rejection of the lease by a bankruptcy trustee or similar party.

In the event of a condemnation award, leasehold mortgagee (or trustee for restoration in the case of partial awards) shall be entitled to the payment award to which Tenant is entitled. This award must not be less than the total award minus the value of the land considered as unimproved.

In the event of a partial taking, Tenant shall rebuild and restore the improvements on the leased premises, unless the leasehold mortgagee consents to distribution of the proceeds instead. (The proceeds must be applied first toward reduction of the leasehold mortgage debt unless used to restore the improvements of the leased premises.)

The leasehold mortgagee shall have the right to acquire this lease in its own name or in the name of its nominee upon foreclosure or assignment in lieu of foreclosure.

Any existing or future mortgage on the ground Lessor's fee simple interest is subordinate to the leasehold estate of Tenant.

In the event Tenant terminates this lease, no surrender of the leased premises shall be accepted by the Lessor without leasehold mortgagee's prior written consent.

Lessor warrants that this lease shall not be subject to any other liens or encumbrances superior to, or of equal priority other than the Lessor's fee interest in the leased premises.

Lessor shall not, in the absence of an uncured default, disturb the possession, interest, or quiet enjoyment of the Tenant.

There shall be no termination in the event of damage or destruction so long as a leasehold mortgage exists and Tenant promptly repairs or rebuilds.

810
10-12-96

6. COMPLIANCE WITH LAW

The Tenant, at Tenant's expense, shall promptly observe and comply with all present and future laws, orders, regulations, rules, ordinances and requirements of federal, state, county and city governments with respect to the use, care and control of the Leased Premises.

7. ASSIGNMENT

Tenant shall have the right to assign and mortgage the interest of Tenant under this Lease and to encumber such interest without the consent of Lessor. Upon assignment, Lessor shall release tenant from the conditions of this lease, provided that assignee's use of the leased premises is substantially consistent with Tenant's use.

8. UTILITIES

Lessor shall furnish no utilities or services, and Tenant shall arrange for, and pay for, all utilities and services used by Tenant upon the Leased Premises during the term of this Lease, including, without limitation, gas, electricity, water, sewage service, telephone service and trash removal.

9. ALTERATIONS AND IMPROVEMENTS

Tenant shall have the right to modify the improvements upon the Leased Premises, and to construct additional improvements upon the Leased Premises upon the condition that such alterations and additions do not decrease the fair market value of the Leased Premises. The Tenant shall advise the Lessor 30 days in advance, in writing with project descriptions and plans, of any anticipated major modification, alteration or addition to the Leased Premises, and the Lessor (not acting as a municipal corporation) has 30 days within which to deny or condition said project. Lessor's failure within the said time to respond shall be deemed approval. Said approval shall not be unreasonably withheld.

10. REPAIRS AND MAINTENANCE

Tenant shall, at Tenant's expense, maintain the Leased Premises in as good order and condition during the term of this Lease as they are at the commencement of this Lease.

11. RETURN OF PREMISES

Upon the expiration of this Lease, or its termination for any cause, Tenant shall, unless otherwise agreed, remove its improvements and surrender the Leased Premises in good order and condition.

12. INJURY TO PROPERTY OR PERSON

Tenant is to be responsible for the condition of the Leased Premises during the term of this Lease.

DD
10-12-96

and any damage or injury to any property or person resulting from the condition of the Leased Premises or the activities of Tenant, and Tenant's agents or employees thereon or any independent contractor hired by Tenant or any subtenants of Tenant or person upon the Leased Premises with the express or implied consent of Tenant. Tenant shall indemnify and save Lessor harmless from any loss, damage, claim or demand arising out of the condition or activities for which Tenant is responsible under the provisions of this paragraph.

13. DEFAULT BY TENANT

In the event Tenant shall fail to pay any rent due hereunder within ten (10) days after receipt by Tenant and leasehold mortgagee of written notice from Lessor of such failure, Tenant shall be in default hereunder and the Lessor may exercise any right or remedy available to Lessor in law or in equity. In the event Tenant shall fail to pay or perform any other obligation of Tenant hereunder within thirty (30) days after receipt by Tenant and leasehold mortgagee of written notice from Lessor of such failure, Tenant shall be in default hereunder and Lessor may exercise any right or remedy available to Lessor in law or in equity.

14. TAKING FOR PUBLIC USE

If the Leased Premises, in part or in whole, are taken or condemned for public use (an agreed sale to the public or quasi-public corporation or utility after threat of condemnation constitutes a taking for public use), all compensation awarded upon such condemnation or taking shall be paid to Lessor. However, in the event of taking by eminent domain, Tenant shall be allowed to exercise its option and receive condemnation proceeds commensurate to loss of value of this lease and/or structures and improvements owned by Tenant.

15. INSURANCE

Tenant shall obtain and maintain in force, at Tenant's expense, a policy or policies of fire/hazard insurance with extended coverage in an amount not less than the full replacement cost of the Leased Premises. Such policies shall be written by a company authorized to transact business in the State of Washington. Certificates of insurance, or other satisfactory evidence of such insurance, shall be furnished by Tenant to Lessor, upon request. Tenant shall maintain current liability insurance, or proof of self-insurance security, covering its operations.

16. WARRANTIES

Tenant has had opportunity for and completed full inspection of the premises and accepts them in their present condition. Lessor warrants that it has not received from any governmental authority or third party any request for information, notice of claim, demand letter, or other notification that, in connection with the Leased Premises or the conduct of Lessor's business thereon, it is or may be potentially responsible with respect to any investigation or clean up of hazardous substance releases at the Leased Premises.

JSB
10-12-96

17. NOTICES

Any notices required or permitted to be given under the terms of this Lease, or by law, shall be in writing and may be given by certified mail, directed to the parties at the following addresses, or such other address as any party may designate in writing prior to the time of the giving of such notice, or in any other manner authorized by law:

Lessor: City of McCleary, Washington
C/O Mayor

P.O. Box 360
McCleary, WA 98557

Tenant: Beehive Retirement Center, Inc.
401 W. Maple #BRC
McCleary, WA 98557

Any notice given shall be effective when actually received, or if given by certified mail, then forty-eight (48) hours after the deposit of such notice in the United States mail with postage prepaid.

18. BINDING EFFECT

All of the covenants, agreements, conditions and terms contained in this Lease shall be binding upon, apply and inure to the benefit of the successors and assigns of the respective parties hereto, and all said covenants shall be construed as covenants running with the land.

19. WAIVER

No waiver of any right arising out of a breach of any covenant, term or condition of this Lease shall be a waiver of any right arising out of any other or subsequent breach of the same or any other covenant, term or condition or a waiver of the covenant, term or condition itself.

20. INTEGRATION

This Lease constitutes a final and complete statement of the Lease and option between the parties, and fully supersedes all prior agreements or negotiations, written or oral.

21. LEGAL PROCEEDINGS

In the event any legal proceeding is commenced for the purpose of interpreting or enforcing any provision of this Lease, the prevailing party in such proceeding shall be entitled to recover a reasonable attorney's fee in such proceeding, or any appeal thereof, to be set by the court, in addition to the costs and disbursements allowed by law.

DS
10-12-96

22. COUNSEL

Each of the parties hereto acknowledges that each party has been represented by counsel in connection with the preparation and execution of this Lease and that each party has thoroughly reviewed this Lease with that party's counsel.

23. APPLICABLE LAW AND VENUE

In case of any dispute between the parties arising from the terms or covenants of this Lease, venue shall lie in Grays Harbor County, State of Washington, and the laws of the State of Washington shall be applicable and controlling.

DATED this 12th day of October, 1996.

CITY OF McCLEARY (LESSOR)

by: 

MAYOR

BEEHIVE RETIREMENT CENTER, INC. (TENANT)

by: 

and

WEBB PETERSON, PRESIDENT

by: _____

WALLY PRATT, VICE PRESIDENT

STATE OF WASHINGTON)
) ss.
COUNTY OF GRAYS HARBOR)

The foregoing instrument was acknowledged before me this 12th day of October, 1996,
by Donald G. Derr, Mayor of the City of McCleary, Washington.

A. S. Rastadt
Signature
NOTARY PUBLIC: residing at Montesano, WA
My Commission Expires: 8/23/00

STATE OF WASHINGTON)
) ss.
COUNTY OF GRAYS HARBOR)

I certify that I know or have satisfactory evidence that Webb Peterson is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the President of Beehive Retirement Center, Inc., to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED 10/14/96

A. S. Rastadt
Signature
NOTARY PUBLIC: residing at Montesano, WA
My Appointment Expires 8/23/00

DR
10-12-96

STATE OF WASHINGTON)
) ss.
COUNTY OF GRAYS HARBOR)

I certify that I know or have satisfactory evidence that Wally Pratt is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Vice President of Beehive Retirement Center, Inc., to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED _____

Signature

NOTARY PUBLIC: residing at _____

My Appointment Expires _____


10-12-96

CONFIDENTIAL

Exhibit A

ORIGINAL TRACT: LOT 10 AND THE NORTH ONE-HALF OF VACATED ALLEY ABUTTING UPON THE SOUTH LINE OF SAID LOT 10; BLOCK 25 PLAT OF THE SECOND ADDITION TO THE TOWNSITE OF MCCLEARY; PER PLATS VOLUME 5, PAGE 44; RECORDS OF GRAYS HARBOR COUNTY, WASHINGTON AUDITOR.

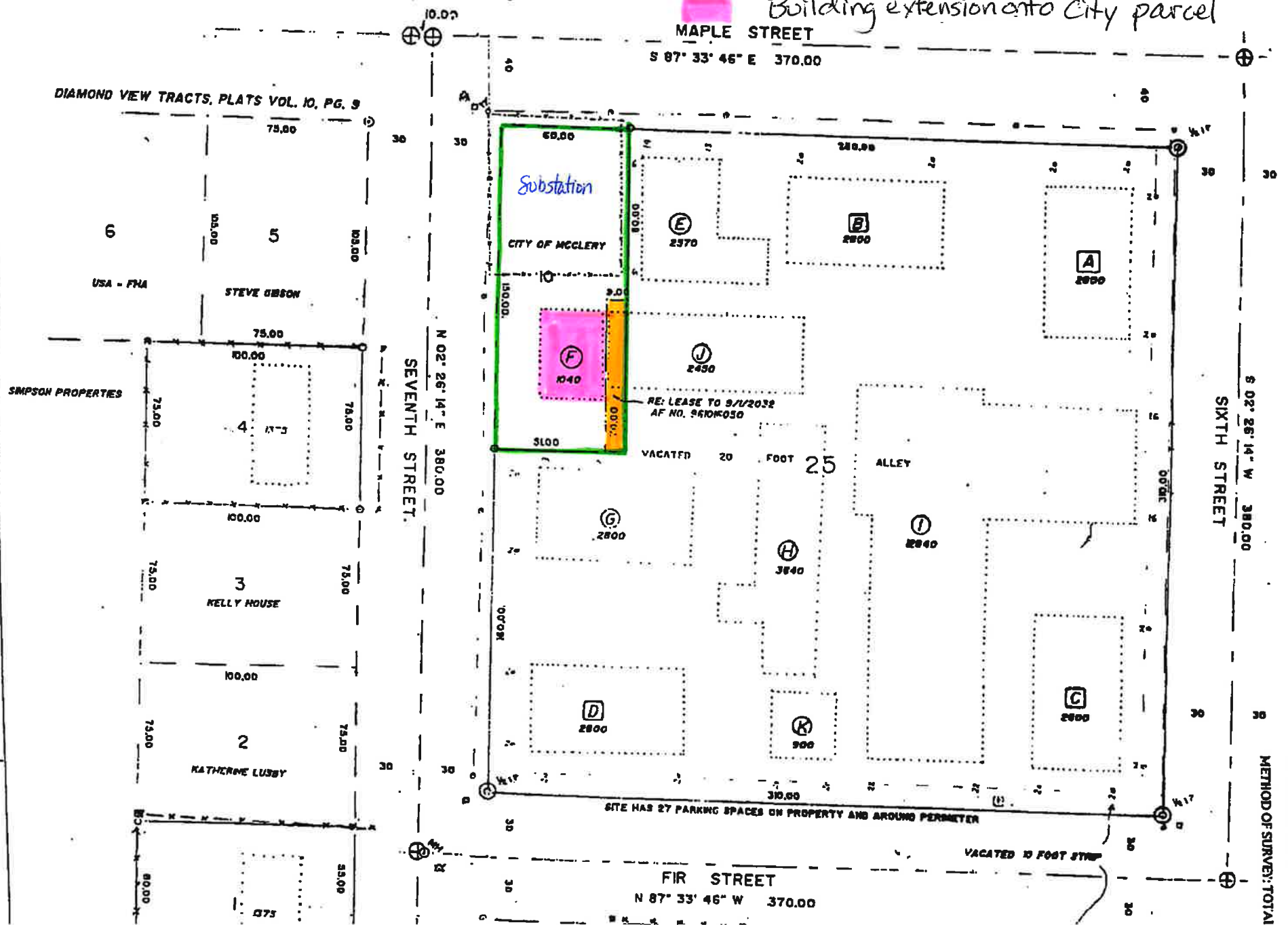
BEGINNING AT THE NORTHEAST CORNER OF LOT 10, THENCE SOUTH $02^{\circ}26'14''$ WEST A DISTANCE OF 80.00 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTH $87^{\circ}33'46''$ WEST A DISTANCE OF 9.00 FEET, THENCE SOUTH $02^{\circ}26'14''$ WEST A DISTANCE OF 70.00 FEET, THENCE SOUTH $87^{\circ}33'46''$ EAST A DISTANCE OF 9.00 FEET, THENCE NORTH $02^{\circ}26'14''$ EAST A DISTANCE OF 70 FEET TO THE TRUE POINT OF BEGINNING, CONTAINING 0.0145 ACRES.

ALL SITUATE IN GRAYS HARBOR COUNTY, STATE OF WASHINGTON.

DS
10-12-96



City of McCleary Parcel # 063002501000
Parcel leased from City per Rec # 961016050
Building extension onto City parcel



BASIS OF BEARING: SOUTH 1
METHOD OF SURVEY: TOTAL

APR 961108094 VOL 1

TAB - L

STAFF REPORT

To: Mayor Pro Tem Orffer
From: Todd Baun- Director of Public Works
Date: June 11, 2018
Re: Firework Stand Permit

The Olympic Christian Center has applied for a fireworks stand permit and building permit as they have done for the last few years. Historically, the approval decision has been the City Council's as it relates to the sale of merchandise within the public right-of-way in conjunction with the Building Official's review for fire and safety inspections.

They are also asking permission to set up in the same area that they have set up the past several years.

In accordance with RCW 70.77.395, it is legal to sell fireworks from June 28 through July 5.

Action Requested:

Authorize the City to issue a fireworks stand permit allowing the sale of fireworks in accordance with RCW 70.77.395.

Authorize the set up of their stand in the parking lot along Summit Rd.

TAB - M

TAB - N