



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

**Financial Statements Audit Report**  
**City of College Place**

**For the period January 1, 2018 through December 31, 2018**

**Published March 2, 2020**

**Report No. 1025785**





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

March 2, 2020

Mayor and City Council  
City of College Place  
College Place, Washington

**Report on Financial Statements**

Please find attached our report on the City of College Place's financial statements.

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

Sincerely,

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy  
State Auditor  
Olympia, WA

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

**City of College Place  
January 1, 2018 through December 31, 2018**

Mayor and City Council  
City of College Place  
College Place, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the City of College Place, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated February 25, 2020.

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

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's

internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

## COMPLIANCE AND OTHER MATTERS

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

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

## PURPOSE OF THIS REPORT

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

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

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy

State Auditor

Olympia, WA

February 25, 2020

# INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

## City of College Place January 1, 2018 through December 31, 2018

Mayor and City Council  
City of College Place  
College Place, Washington

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the City of College Place, for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's financial statements, as listed on page 10.

#### Management's Responsibility for the Financial Statements

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

#### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control

relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and investments of the City of College Place, and its changes in cash and investments, for the year ended December 31, 2018, on the basis of accounting described in Note 1.

### **Basis for Adverse Opinion on U.S. GAAP**

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

### **Adverse Opinion on U.S. GAAP**

The financial statements referred to above were not intended to, and in our opinion they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of College Place, as of December 31, 2018, or the changes in financial position or cash flows thereof for the year then ended, due to the significance of the matter discussed in the above "Basis for Adverse Opinion on U.S. GAAP" paragraph.



## Other Matters

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements taken as a whole. The Schedule of Liabilities is presented for purposes of additional analysis, as required by the prescribed BARS manual. This schedule is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

## OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Pat McCarthy

State Auditor

Olympia, WA

February 25, 2020

## **FINANCIAL SECTION**

### **City of College Place January 1, 2018 through December 31, 2018**

#### **FINANCIAL STATEMENTS**

Fund Resources and Uses Arising from Cash Transactions – 2018  
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2018  
Notes to Financial Statements – 2018

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

Schedule of Liabilities – 2018

**City of College Place**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2018**

		<b>Total for All Funds (Memo Only)</b>	<b>001 Current Expense Fund</b>	<b>100 Street Fund</b>	<b>120 Criminal Justice Fund</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	5,823,052	531,609	144,258	29,392
30880	Unreserved	3,888,711	2,141,295	-	-
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	5,283,987	4,963,129	-	-
320	Licenses and Permits	628,402	299,927	6,975	-
330	Intergovernmental Revenues	1,590,452	502,025	220,314	12,652
340	Charges for Goods and Services	6,129,916	491,903	-	-
350	Fines and Penalties	57,068	34,206	-	-
360	Miscellaneous Revenues	500,214	221,282	2,418	201
Total Revenues:		14,190,038	6,512,473	229,707	12,853
<b>Expenditures</b>					
510	General Government	927,694	925,288	608	-
520	Public Safety	2,898,654	2,887,000	-	11,654
530	Utilities	2,854,460	-	-	-
540	Transportation	987,089	40,747	585,833	-
550	Natural and Economic Environment	395,162	394,055	-	-
560	Social Services	3,611	3,611	-	-
570	Culture and Recreation	185,539	185,539	-	-
Total Expenditures:		8,252,210	4,436,240	586,440	11,654
Excess (Deficiency) Revenues over Expenditures:		5,937,829	2,076,232	(356,733)	1,199
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	4,157,539	-	-	-
397	Transfers-In	2,322,139	-	438,000	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	11,704	10,204	-	-
381, 382, 395, 398	Other Resources	38,229	7,974	1,255	-
Total Other Increases in Fund Resources:		6,529,611	18,178	439,255	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	3,582,390	236,128	7,021	5,000
591-593, 599	Debt Service	2,134,166	-	-	-
597	Transfers-Out	2,322,139	1,689,005	8,340	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	27,737	27,737	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		8,066,432	1,952,870	15,361	5,000
<b>Increase (Decrease) in Cash and Investments:</b>		<b>4,401,008</b>	<b>141,540</b>	<b>67,160</b>	<b>(3,801)</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	9,752,252	582,233	211,419	25,590
5088000	Unreserved	4,360,518	2,232,212	-	-
<b>Total Ending Cash and Investments</b>		<b>14,112,770</b>	<b>2,814,445</b>	<b>211,419</b>	<b>25,590</b>

The accompanying notes are an integral part of this statement.

**City of College Place**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2018**

		<b>121 Forfeited Proceeds Fund</b>	<b>130 Hotel/Motel Tax</b>	<b>201 ULTGO Bond Fund</b>	<b>202 LTGO Bond Fund</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	12,017	2,399	15,123	51,975
30880	Unreserved	-	-	-	-
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	8,814	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	1,413	-	-	-
360	Miscellaneous Revenues	32	48	34	20
Total Revenues:		1,445	8,862	34	20
<b>Expenditures</b>					
510	General Government	0	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	1,107	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		0	1,107	-	-
Excess (Deficiency) Revenues over Expenditures:		1,445	7,755	34	20
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	489,750	52,021
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	489,750	52,021
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	1,261	-	-	-
591-593, 599	Debt Service	-	-	489,450	52,020
597	Transfers-Out	10,000	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		11,261	-	489,450	52,020
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(9,816)</b>	<b>7,755</b>	<b>334</b>	<b>21</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	2,201	10,154	15,457	51,995
5088000	Unreserved	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>2,201</b>	<b>10,154</b>	<b>15,457</b>	<b>51,995</b>

The accompanying notes are an integral part of this statement.

**City of College Place**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2018**

		<b>235 Commercial Drive Bond Debt Service</b>	<b>301 Street Capital Contribution</b>	<b>305 Capital Improvement Fund (REET)</b>	<b>306 Capital Improvement Fund (REET 2)</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	141,429	16,034	126,472	85,906
30880	Unreserved	-	-	-	-
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	156,022	156,022
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	50,000
340	Charges for Goods and Services	-	11,324	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	1,035	13	1,125	2,659
Total Revenues:		1,035	11,337	157,147	208,680
<b>Expenditures</b>					
510	General Government	4	-	3	2
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		4	-	3	2
Excess (Deficiency) Revenues over Expenditures:		1,031	11,337	157,144	208,679
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	140,484	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		140,484	-	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	111,538	104,997
591-593, 599	Debt Service	140,484	-	-	-
597	Transfers-Out	-	11,324	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		140,484	11,324	111,538	104,997
<b>Increase (Decrease) in Cash and Investments:</b>		<b>1,031</b>	<b>13</b>	<b>45,606</b>	<b>103,682</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	142,461	16,046	172,079	189,588
5088000	Unreserved	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>142,461</b>	<b>16,046</b>	<b>172,079</b>	<b>189,588</b>

The accompanying notes are an integral part of this statement.

**City of College Place**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2018**

		<b>311 Street Improvement Fund</b>	<b>315 Facility Maintenance Reserve Fund</b>	<b>320 Equipment Reserve Fund</b>	<b>330 Economic Development Fund</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	150,997	158,983	337,101	405,513
30880	Unreserved	-	-	-	-
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	805,461	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	478	739	2,769	173
Total Revenues:		805,939	739	2,769	173
<b>Expenditures</b>					
510	General Government	-	2	6	40
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	2	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		2	2	6	40
Excess (Deficiency) Revenues over Expenditures:		805,937	737	2,763	133
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	500,000	50,000	337,090	11,324
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		500,000	50,000	337,090	11,324
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	1,120,511	93,910	240,220	59,854
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	300,000
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		1,120,511	93,910	240,220	359,854
<b>Increase (Decrease) in Cash and Investments:</b>		<b>185,426</b>	<b>(43,173)</b>	<b>99,633</b>	<b>(348,397)</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	336,423	115,809	436,733	57,116
5088000	Unreserved	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>336,423</b>	<b>115,809</b>	<b>436,733</b>	<b>57,116</b>

The accompanying notes are an integral part of this statement.

**City of College Place**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2018**

		<b>340 Economic Development Reserve Fund</b>	<b>400 Water Fund</b>	<b>401 Wastewater Fund</b>	<b>500 Equipment Rental &amp; Replacement</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	65	1,756,156	1,857,625	-
30880	Unreserved	-	819,713	751,706	175,997
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	162,500	159,000	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	2,327,580	2,935,085	364,024
350	Fines and Penalties	-	15,982	5,465	-
360	Miscellaneous Revenues	-	135,864	127,875	3,449
Total Revenues:		-	2,641,926	3,227,426	367,473
<b>Expenditures</b>					
510	General Government	-	1,743	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	1,203,617	1,650,843	-
540	Transportation	-	-	-	360,508
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	1,205,359	1,650,843	360,508
Excess (Deficiency) Revenues over Expenditures:		-	1,436,567	1,576,582	6,965
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	4,157,539	-	-
397	Transfers-In	-	303,470	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	1,500	-	-
381, 382, 395, 398	Other Resources	-	29,000	-	-
Total Other Increases in Fund Resources:		-	4,491,509	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	1,255,237	343,195	3,516
591-593, 599	Debt Service	-	815,435	636,777	-
597	Transfers-Out	-	303,470	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	2,374,143	979,971	3,516
<b>Increase (Decrease) in Cash and Investments:</b>		-	<b>3,553,934</b>	<b>596,611</b>	<b>3,449</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	65	5,479,128	1,907,755	-
5088000	Unreserved	-	650,674	1,298,187	179,446
<b>Total Ending Cash and Investments</b>		<b>65</b>	<b>6,129,801</b>	<b>3,205,942</b>	<b>179,446</b>

**City of College Place**  
**Fiduciary Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2018**

		<b>Private-Purpose Trust</b>
		<hr/>
308	Beginning Cash and Investments	7,930
388 & 588	Net Adjustments	-
310-390	Additions	15,478
510-590	Deductions	15,909
		<hr/>
	Net Increase (Decrease) in Cash and Investments:	(431)
508	Ending Cash and Investments	7,500

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



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

The City of College Place was incorporated on December 24, 1945 and operates under the laws of the State of Washington applicable to a code city with a mayor-council form of government. The City of College Place is a general purpose local government and provides public safety, fire protection and prevention, street improvement, parks, and general administrative services. In addition, the city owns and operates both water and wastewater utility systems. In December, the City began performing ambulance transport services, and in January 2019 implemented a stormwater utility.

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

GOVERNMENTAL FUND TYPES:

General (Current Expense) Fund

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

Special Revenue Funds

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

Debt Service Funds

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

**NOTE 1 - Continued**Capital Projects Funds

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

## PROPRIETARY FUND TYPES:

Enterprise Funds

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

Internal Service Funds

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

## FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the City of College Place 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.

B. Basis of Accounting and Measurement Focus

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

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

C. Cash and Investments

See Note 3, *Deposits and Investments*.

D. Capital Assets

The City does not currently have a capitalization policy. The capital assets and inventory of the City of College Place are recorded as expenditures when purchased.

**NOTE 1 - Continued****E. Compensated Absences**

A vacation leave balance of up to two hundred and forty hours may be carried forward each year. Upon termination of employment, employees will be paid for unused vacation time that has been earned through the last day of work (provided twelve months of employment with the city have occurred.) As of December 31, 2018, City of College Place employees had an accumulated bank of 4,519 hours of vacation and comp time. As of December 31, 2018 this bank had a potential total payout of \$144,223 if all city employees had been terminated at that time. The City has estimated an additional \$11,033 in associated payroll taxes for a total potential liability of \$155,256.

Sick leave may accumulate indefinitely. Cash-out of up to 40 hours of sick leave per year is allowed, provided that a balance of at least 96 hours remains on the books. This cash-out must be initiated during November each year. Normally, upon separation employees do not receive payment for unused sick leave. An employee who is retiring with a minimum of ten years of service with the city may cash out a maximum of one hundred and twenty hours of their accrued sick leave. As of December 31, 2018 this bank had a potential total payout of \$59,373. The City has estimated an additional \$4,542 in associated payroll taxes for a total potential liability of \$63,915.

Payments are recognized as expenditures when paid.

The foregoing is in accordance with city personnel policies. Compensated vacation and sick leave benefits may vary in accordance with approved negotiated union contract agreements and individual employment agreements.

**F. Long-Term Debt**

See Note 5, *Debt Service Requirements*.

**G. 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 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 1 – Continued**

<b>Fund</b>	<b>Fund Name</b>	<b>Balance</b>	<b>Restriction</b>	<b>Purpose</b>
001	Technology Reserve Fund	\$ 302,994.81	Internal	Operation, maintenance, and replacement of technology equipment, information systems, and media services
001	Employee Benefit Reserve Fund	279,238.55	Internal	Reserve for post-employment benefit obligations
100	Street Fund	211,418.51	Internal	Maintaining public ways
120	Criminal Justice Fund	25,590.34	External	Activities/items specifically identified by state statute (domestic violence related and/or DARE program)
121	Forfeited Proceeds Fund	2,200.79	Internal	Drug enforcement and related activities
130	Hotel/Motel Tax	10,154.11	External	Activities, operations, and expenditures designed to increase tourism.
201	ULTGO Bond Fund	15,457.06	External	Debt service of the CARS road reconstruction project
202	LTGO Bond Fund	51,995.10	External	Debt service of the Fire Engine
235	Commercial Dr. Bond Debt Service Fund	142,460.73	External	Debt service of the Commercial Drive Bond (Commercial Drive infrastructure improvements)
301	Street Capital Contribution Fund	16,046.31	Internal	Account for developer contributions to street projects
305	Capital Improvement Fund (REET)	172,078.82	External	Capital projects identified on the City's Capital Facility Plan or Transportation Improvement Plan
306	Capital Improvement Fund (REET 2)	189,588.12	External	Capital projects identified on the City's Capital Facility Plan or Transportation Improvement Plan
311	Street Improvement Fund	336,423.07	Internal	Street Projects
315	Facility Maintenance Reserve Fund	115,809.10	Internal	Major repair and replacement of City Hall, Annex, and Fire Station buildings
320	Equipment Reserve Fund	436,732.89	Internal	Reserve for replacement of capital equipment used by the Current Expense Fund departments and Street Fund.
330	Economic Development Fund	57,116.03	Internal	Capital projects tied to economic and infrastructure development in commercial areas
340	Economic Development Reserve Fund	64.86	Internal	Infrastructure improvements that support/foster economic growth
400	Water Capital Reserve Fund	3,932,702.43	Internal	Purchase of equipment necessary to operate and maintain the water system
400	Water Capital Impr. Reserve/Debt Fund	1,256,998.91	Internal	Segregate money from water utility customer payments for water system capital improvements and related long term debt service
400	Water/Sewer Bond Reserve Fund	128,625.16	External	Reserve for debt service related to the financing of the water/sewer portion of the Whitman Drive Extension Project
400	Water System Construction Fund	160,801.12	External	Segregate DWSRF Funds for water infrastructure construction projects
401	Wastewater Capital Reserve Fund	1,009,698.23	Internal	Purchase of equip. necessary to operate and maintain the wastewater system
401	Wastewater Debt Service Fund	551,546.17	Internal	Debt service related to the financing of the Wastewater Treatment Plant
401	Water/Sewer Revenue Bond Fund	346,510.53	External	Debt service related to the financing of the water/sewer portion of the Whitman Drive Extension Project
625	Flexible Benefits Plan Fund	7,499.90	Internal	Fiduciary fund for employee contributions to the flexible benefit pretax spending plan
		\$ 9,759,751.65		

**NOTE 2 – BUDGET COMPLIANCE**

The City of College Place adopts annual appropriated budgets for all funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these

**NOTE 2 - Continued**

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 budget were as follows:

Fund	Department	Final Appropriations	Actual Expenses	Variance
<b>001</b>	<b>Current Expense Fund</b>			
	Current Expense Fund	\$ 8,409,053.00	\$ 6,266,113.54	\$ 2,142,939.46
	Technology Reserve Fund	345,561.00	108,953.44	236,607.56
	Employee Benefit Reserve	291,667.00	14,043.28	277,623.72
	<b>Subtotal 001 Current Expense Funds</b>	<b>9,046,281.00</b>	<b>6,389,110.26</b>	<b>2,657,170.74</b>
<b>100</b>	<b>Street Fund</b>	<b>742,571.00</b>	<b>601,801.49</b>	<b>140,769.51</b>
<b>120</b>	<b>Criminal Justice Fund</b>	<b>42,337.00</b>	<b>16,654.30</b>	<b>25,682.70</b>
<b>121</b>	<b>Forfeited Proceeds Fund</b>	<b>14,678.00</b>	<b>11,261.08</b>	<b>3,416.92</b>
<b>130</b>	<b>Hotel/Motel Tax</b>	<b>6,683.00</b>	<b>1,107.06</b>	<b>5,575.94</b>
<b>201</b>	<b>ULTGO Bond Fund</b>	<b>504,883.00</b>	<b>489,450.00</b>	<b>15,433.00</b>
<b>202</b>	<b>99 South End Bond Fund</b>	<b>104,003.00</b>	<b>52,020.05</b>	<b>51,982.95</b>
<b>235</b>	<b>Commercial Drive Bond Debt Service Fund</b>	<b>282,090.00</b>	<b>140,487.67</b>	<b>141,602.33</b>
<b>301</b>	<b>Street Capital Contribution Fund</b>	<b>176,048.00</b>	<b>11,324.32</b>	<b>164,723.68</b>
<b>305</b>	<b>Capital Improvement Fund (REET)</b>	<b>274,830.00</b>	<b>111,540.19</b>	<b>163,289.81</b>
<b>306</b>	<b>Capital Improvement Fund (REET 2)</b>	<b>324,044.00</b>	<b>104,998.51</b>	<b>219,045.49</b>
<b>311</b>	<b>Street Improvement Fund</b>	<b>2,312,700.00</b>	<b>1,120,513.07</b>	<b>1,192,186.93</b>
<b>315</b>	<b>Facility Maintenance Reserve Fund (CE)</b>	<b>186,115.00</b>	<b>93,912.22</b>	<b>92,202.78</b>
<b>320</b>	<b>Equipment Reserve Fund</b>	<b>784,195.00</b>	<b>240,226.55</b>	<b>543,968.45</b>
<b>330</b>	<b>Economic Development Fund</b>	<b>511,864.00</b>	<b>359,894.44</b>	<b>151,969.56</b>
<b>340</b>	<b>Economic Development Reserve Fund</b>	<b>65.00</b>		<b>65.00</b>
<b>400</b>	<b>Water Fund</b>			
	Water Fund	1,693,085.00	1,206,617.01	486,467.99
	Water Capital Reserve Fund	5,122,473.00	964,077.86	4,158,395.14
	Water Capital Improvement Reserve Fund	2,091,148.00	843,218.99	1,247,929.01
	2007 Water/Sewer Bond Reserve Fund	606,192.00	257,679.12	348,512.88
	Water System Construction Fund	4,600,000.00	307,908.96	4,292,091.04
	<b>Subtotal 400 Water Funds</b>	<b>14,112,898.00</b>	<b>3,579,501.94</b>	<b>10,533,396.06</b>
<b>401</b>	<b>Wastewater Fund</b>			
	Wastewater Fund	2,487,081.00	1,652,113.44	834,967.56
	Wastewater Capital Reserve Fund	1,347,259.00	341,901.02	1,005,357.98
	Wastewater Debt Service Fund	1,207,575.00	636,964.40	570,610.60
	Water & Sewer Revenue Bond Fund	122,422.00	(164.42)	122,586.42
	<b>Subtotal 401 Wastewater Funds</b>	<b>5,164,337.00</b>	<b>2,630,814.44</b>	<b>2,533,522.56</b>
<b>500</b>	<b>Equipment Rental &amp; Replacement</b>	<b>449,658.00</b>	<b>364,024.04</b>	<b>85,633.96</b>
<b>625</b>	<b>Flexible Benefits Plan Fund</b>	<b>20,388.00</b>	<b>15,908.50</b>	<b>4,479.50</b>

The mayor and city administrator are authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City of

**NOTE 2 – Continued**

College Place's legislative body.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

It is the City of College Place'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 by the Washington Public Deposit Protection Commission. All investments are insured, registered or held by the City of College Place or its agent in the City of College Place's name.

Investments are reported at fair value. Investments by type at December 31, 2018 are as follows:

Type of Investment	City's Own Investments	Investments held by the city as an agent for other local govts., individuals or private organizations.	Total
L.G.I.P.	\$ 4,255,266	\$ -	\$ 4,255,266
Treasury Obligations	496,699	-	496,699
U.S. Government Agency Securities	3,497,412	-	3,497,412
Total	\$ 8,249,377	\$ -	\$ 8,249,377

**NOTE 4 - PROPERTY TAXES**

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

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

The City of College Place's regular levy for the year 2018 was \$2.250527676 per \$1,000 on an assessed valuation of \$616,246,143 for a total regular levy of \$1,386,879.

In 2018 the City also levied an additional \$0.814402001 per \$1,000, on an assessed valuation of \$601,361,489 for debt service on the CARS project bond. The additional levy was \$489,750.

**NOTE 5 – DEBT SERVICE REQUIREMENTS**

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the City and summarizes the City of College Place's debt transactions for the year ended December 31, 2018.

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

**NOTE 5 – Continued**

Period	Principal	Interest	Total
<b>2019</b>	1,585,813	442,403	2,028,216
<b>2020</b>	1,597,656	419,139	2,016,796
<b>2021</b>	1,485,568	396,374	1,881,942
<b>2022</b>	1,373,419	368,319	1,741,738
<b>2023</b>	1,385,878	340,691	1,726,568
<b>2024-2028</b>	5,730,202	1,282,323	7,012,525
<b>2029-2033</b>	4,171,200	647,115	4,818,315
<b>2034-2038</b>	1,837,355	155,872	1,993,227
<b>2039-2042</b>	796,856	27,326	824,181
<b>Totals</b>	<b>\$ 19,963,945</b>	<b>\$ 4,079,563</b>	<b>\$ 24,043,508</b>

During the year, the City of College Place began drawing on two Drinking Water State Revolving Fund loans. The details of these loans are as follows:

- DWL23476 – For drilling Well #1, install of a looped line, and water system consolidation. \$3,000,000 principal, no loan fee, eligible for 50% forgiveness, 24 year loan term, 1.5% interest. To be granted loan forgiveness, a completed Project Completion Report must be approved by Department of Health. \$247,802 drawn at December 31, 2018. Although this loan qualifies for 50% forgiveness, it had not been fully drawn down and the project was not complete at 12/31/18, so 50% forgiveness had not yet been applied. For this reason and for conservatism, debt service has been calculated and disclosed in the chart above based on the full loan principal.
- DWL23479 – For drilling Well #2. \$1,822,615 principal, 1% loan fee, no forgiveness, 20 year term, 1.5% interest. \$68,179 drawn at December 31, 2018.

**NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS**

The LEOFF I Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by the City of College Place as required by RCW 41.26. The plan pays for 100% of eligible retirees' healthcare costs, including health insurance premiums, on a pay-as-you-go basis. As of December 31, 2018, the plan had 1 member, a retiree. For the year ended December 31, 2018, the City paid \$14,039 in benefits.

**NOTE 7 - PENSION PLANS**State Sponsored Pension Plans

Substantially all the City of College Place's full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans: Public Employees' Retirement System (PERS 1, 2, or 3), and the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF 1 or 2).

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

**NOTE 7 - Continued**

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

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

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

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

At June 30, 2018 (the measurement date of the plans), the city's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$76,770	.0011485%	\$512,924
PERS 2/3	\$94,275	.012218%	\$208,611
LEOFF 1	\$0	.003649%	(\$66,248)
LEOFF 2	\$51,889	.029923%	(\$607,502)
VFFRPF	\$240	.117130%	(\$61,896)

**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 8 – RISK MANAGEMENT**

The City of College Place is a member of the Cities Insurance Association of Washington (CIAW). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a



**NOTE 8 – Continued**

program or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The program was formed on September 1, 1988 when 34 cities in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 1, 2018, there are 207 members in the program.

The program provides the following forms of joint self-insurance and reinsurance coverage for its members: Property, including Automobile Comprehensive and Collision, Equipment Breakdown, and Crime Protection and Liability; including General, Automobile, and Wrongful Acts, which are included to fit members' various needs.

The program acquires liability insurance through their Administrator, Clear Risk Solutions, which is subject to a per-occurrence self-insured retention (SIR) of \$100,000, with the exception of Wrongful Acts and Law Enforcement Liability, which have a self-insured retention of \$25,000. Members are responsible for a \$1,000 to \$10,000 deductible for each claim, while the program is responsible for the \$100,000 retention. Since the program is a cooperative program, there is a joint liability among the participating members toward the sharing of the \$100,000 of the self-insured retention, in addition to the deductible. The program also purchases a Stop Loss Policy as another layer of protection to its membership, with an attachment point of \$1,922,394.

Property insurance is subject to a per-occurrence self-insured retention of \$25,000. Members are responsible for a \$1,000 deductible for each claim. The program bears the \$25,000 self-insured retention, in addition to the deductible.

Privacy and Network Liability coverage is offered with a \$10,000 member deductible and \$40,000 self-insured retention for systems using encryption and \$50,000 member deductible and \$50,000 self-insured retention for those without encryption.

Equipment Breakdown insurance is subject to a per-occurrence deductible of \$2,500, which may vary per member, with the exception of Pumps & Motors, which is \$10,000. Members are responsible for the deductible amount of each claim. There is no program self-insured retention on this coverage, with the exception of Pumps & Motors which is \$15,000 and is covered by CIAW.

Members contract to remain in the program for a minimum of one year, and must give notice before December 1, to terminate participation the following December 1. The Interlocal Agreement is renewed automatically each year. In the event of termination, a member is still responsible for contributions to the program for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Agreement.

A board of ten members is selected by the membership from three geographic areas of the state on a staggered term basis and is responsible for conducting the business affairs of the program.

The program has no employees. Claims are filed by members/brokers with Clear Risk Solutions, who has been contracted to perform program administration, underwriting, claims adjustment, and loss prevention for the program. Fees paid to the third party administrator under this arrangement for the year ending December 1, 2018, were \$2,809,430.40. The risk pool's financial statements can be viewed at <http://ciaw.us>.

The City of College Place is also a member of the Association of Washington Cities Employee Benefit Trust Health

**NOTE 8 – Continued**

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, 2018, 257 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 2018, 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.

**NOTE 8 – Continued**

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"). In 2018, the retiree medical plan subsidy was eliminated, and is noted as such in this report. Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor's office.

## **NOTE 9 - OTHER DISCLOSURES**

### **A. Significant Commitments or Obligations**

#### **1. Contract Commitments**

The City has several significant (over \$100,000 contractual obligation remaining) engineering and construction contracts in progress as of December 31, 2018.

- a) 4<sup>th</sup> Street and Academy Way (AP663-132) – This is the construction engineering contract. The construction was completed during summer 2018.
- b) Reconstruction of C Street, NE Cedar, and Damson (HDJCCEDAR) – Engineering contract. Construction to begin summer 2019.
- c) Wells and Looped Line (WATERWELLS) – Engineering and construction engineering of a water system consolidation and wells drilling project. It also includes the purchase and consolidation of additional water rights and construction on this project began in the winter of 2019.
- d) Well (WELL#1-#4) – Construction (drilling) of Well #4 (previously designated as Well #1). Contract executed in 2018 but construction didn't begin until 2019.

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

	<b>Spent to Date</b>	<b>Remaining Commitment</b>
AP663-132 (Engineering)	\$275,578	\$111,331
HDJCCEDAR (Engineering)	\$454,707	\$360,320
WATERWELLS (Engineering)	\$396,490	\$785,360
WELL#1-#4 (Construction)	\$0	\$695,463
<b>Total Committed</b>		<b>\$1,952,474</b>

The committed balance of \$1,952,474 will be funded with grants from WA Transportation Improvement Board grants, WA Department of Commerce legislative appropriations, WA Department of Health loans, City fund balances, and the proceeds from the 2017 Water Revenue Bond issuance.

### **B. Subsequent Events**

On March 11, 2019, the city administrator approved a change order contract for WELL#1-#4 in the amount of \$39,208.

On March 12, 2019, the city council approved an amendment to HDJCCEDAR in the amount of \$300,556.12. The approval also included a contingency amount of \$30,056.61 (10% of the contract

## **NOTE 9 – Continued**

amendment amount) for a total not-to-exceed amount of \$330,622.73.

On April 9, 2019, the city council approved a construction contract for the Well #6 (formerly Well #2) drilling project in the amount of \$737,529.50. The approval also included a contingency amount of \$110,629.43 (15% of the contract amount) for a total not-to-exceed amount of \$848,158.93.

On April 9, 2019, the city council approved an engineering contract for the design of a lift station and sewer trunkline in the amount of \$483,200. The approval also included a contingency amount of \$47,800 (~10% of the contract amount) for a total not-to-exceed amount of \$531,000.

On April 23, 2019, the city council approved an amendment to WATERWELLS in the amount of \$368,442. The approval also included a contingency amount of \$31,558 (8.5% of the contract amendment amount) for a total not-to-exceed amount of \$400,000.

On May 7, 2019, the city council approved a construction contract for the C Street Reconstruction project in the amount of \$2,209,038.07. The approval also included a contingency amount of \$220,903.81 (10% of the contract amount) for a total not-to-exceed amount of \$2,429,941.88.

On May 7, 2019, the city council approved a construction contract for a looped water main (LOOPEDLINE) in the amount of \$1,120,298.61. The approval also included a contingency amount of \$112,029.86 (10% of the contract amendment amount) for a total not-to-exceed amount of \$1,232,328.47.

On July 9, 2019, the city council authorized the Mayor/designee to execute a loan funding agreement with the Department of Ecology for a total not-to-exceed amount of \$2.5 million for (WWTP) Wastewater Treatment Plant design services.

On September 10, 2019, the city council authorized the Mayor or City Administrator to execute a WWTP Design Contract with JUB engineers for \$1,876,700 with a 10% contingency of \$187,670 for a total not-to-exceed amount of \$2,064,370

On January 21, 2020, the city council authorized the Mayor to execute the Well #4 Well House Project Construction Contract with POW Contracting for an amount of \$1,862,596.24 (including sales tax) and to provide the City Administrator with discretionary budget authority for an additional \$186,259.62 (10% of construction bid) for a total not-to-exceed amount of \$2,048,855.86.

On January 28, 2020, the city council authorized the Mayor or City Administrator to execute Amendment #1 with Schneider Equipment, Inc. to drill Well No. 6 to 800 feet for an additional \$442,485.09 bringing the full contract amount to \$1,180,014.59 and to authorize additional discretionary expenditure authority of \$226,998.21 for contingencies and costs omitted from the Schneider proposal to be exercised by the Mayor or Administrator.

#### C. Contingencies and Litigations

At December 31, 2018, the City was involved in a dispute over the College Avenue/Rose Street Reconstruction (CARS) Project with the contractor responsible for the project. The dispute was in reference to sub-standard completion of certain elements of the project.

On February 12, 2019, the city council authorized a resolution to settle a claim with the contractor on the College Avenue Rose Street (CARS) Reconstruction Project in the amount of \$232,000. On February 28,

2019, the city administrator followed this up with the approval of a change order to the construction contract for the College Avenue Rose Street Reconstruction Project (CARS-CONST) in the amount of \$205,981. The discrepancy between the \$232,000 and the \$205,981 is currently being sorted out, as the payment made to the contractor was the \$232,000 but the change order only gave contract authority of \$205,981. It has been determined that the contractor only earned the \$205,981. Legal counsel is determining next course of action.

**City of College Place  
Schedule of Liabilities  
For the Year Ended December 31, 2018**

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>General Obligation Debt/Liabilities</b>						
251.11	LTGO Bond - 08/2008	4/9/2023	825,100	-	102,826	722,274
251.11	LTGO Bond - 06/2015	6/1/2025	359,006	-	44,876	314,130
251.12	ULTGO Bond - 2/2014	12/1/2023	5,750,000	-	285,000	5,465,000
<b>Total General Obligation Debt/Liabilities:</b>			<b>6,934,106</b>	<b>-</b>	<b>432,702</b>	<b>6,501,404</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
252.11	Water Revenue Bond - 10/2017	12/1/2037	658,442	3,841,558	225,000	4,275,000
259.12	Compensated Absences		258,053	-	38,882	219,171
263.84	DWSRF DWL23476 - 10/2042	10/1/2042	-	247,802	-	247,802
263.84	DWSRF DWL23479 - 10/2038	10/1/2038	-	68,179	-	68,179
263.84	DOE SRF L9900018A - 12/1998	2/1/2021	870,339	-	248,668	621,671
263.84	DOE SRF L9900018B - 12/1998	2/1/2022	47,250	-	10,500	36,750
263.88	PWTF PW-98-791-015 - 04/1998	7/1/2018	374,043	-	374,043	-
263.88	PWTF PW05-691-010 - 04/2005	7/1/2025	1,351,083	-	168,885	1,182,198
263.88	PWTF DWSRF 04-65104-005 - 03/2006	10/1/2025	700,798	-	85,947	614,851
263.88	PWTF PC08-951-011 - 03/2008	7/1/2028	2,790,311	-	253,664	2,536,647
264.30	Net Pension Liability		923,265	-	201,730	721,535
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>7,973,584</b>	<b>4,157,539</b>	<b>1,607,319</b>	<b>10,523,804</b>
<b>Total Liabilities:</b>			<b>14,907,690</b>	<b>4,157,539</b>	<b>2,040,021</b>	<b>17,025,208</b>

## ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

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

Contact information for the State Auditor's Office	
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