



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

City of College Place

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

Published September 26, 2022

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

September 26, 2022

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

Report on Financial Statements and Federal Single Audit

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

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

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

City of College Place January 1, 2021 through December 31, 2021

SECTION I – SUMMARY OF AUDITOR’S RESULTS

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

Financial Statements

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

Internal Control over Financial Reporting:

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

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

Federal Awards

Internal Control over Major Programs:

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

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

We reported findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs

The following programs were selected as major programs in our audit of compliance in accordance with the Uniform Guidance.

<u>CFDA No.</u>	<u>Program or Cluster Title</u>
10.760	Water and Waste Disposal Systems for Rural Communities
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

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

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

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

See Finding 2021-001.

SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

City of College Place January 1, 2021 through December 31, 2021

2021-001 The City lacked adequate internal controls for ensuring compliance with federal suspension and debarment requirements.

CFDA Number and Title: 21.027 – COVID-19 Coronavirus
State and Local Recovery Funds

Federal Grantor Name: U.S. Department of the Treasury

Federal Award/Contract Number:

Pass-through Entity Name:

Pass-through Award/Contract Number:

Questioned Cost Amount: \$0

Description of Condition

The purpose of the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) is to respond to the COVID-19 pandemic's negative effects on public health and the economy, provide premium pay to essential workers during the pandemic, provide government services to the extent COVID-19 caused a reduction in revenues collected, and make necessary investments in water, sewer or broadband infrastructure. In 2021, the City spent \$253,423 in program funds to provide public health services.

Federal regulations require recipients to establish and maintain internal controls that ensure compliance with program requirements. These controls include understanding program requirements and monitoring the effectiveness of established controls.

Federal requirements also prohibit recipients from contracting with or purchasing from parties suspended or debarred from doing business with the federal government. Whenever the City enters into contracts or purchases goods or services that it expects to equal or exceed \$25,000, paid all or in part with federal funds, it must verify the contractors have not been suspended or debarred or otherwise excluded. The City may accomplish this verification by collecting a written certification from the contractor, adding a clause or condition into the contract that

states the contractor is not suspended or debarred, or checking for exclusion records in the U.S. General Services Administration's System for Award Management at SAM.gov. The City must perform this verification before entering into the contract or paying the contractor more than \$25,000, and it must keep documentation demonstrating compliance with this federal requirement.

Our audit found the City did not have adequate controls and did not verify that one of two contractors paid more than \$25,000 in federal funds was not suspended or debarred from participating in federal programs.

We consider these deficiencies in internal controls to be a material weakness that led to material noncompliance

The issue was not reported as a finding in the prior audit.

Cause of Condition

City employees responsible for monitoring this program did not intend to pay for the project with federal funding when procuring it, so they did not verify the contractor's status. Staff also did not have a clear understanding of the requirements for suspension and debarment and did not verify the contractor was not suspended or debarred once it was determined federal funds would be used for the project.

Effect of Condition

The City did not obtain a written certification, insert a clause into the contract, or check SAM.gov to verify one contractor was not suspended or debarred.

Without this verification, the City increases its risk of providing federal funds to contractors that are excluded from participating in federal programs. Any payments the City made to an ineligible party would be unallowable, and the federal grantor could potentially recover them.

We were able to verify the contractor was not suspended or debarred. Therefore, we are not questioning costs for these payments.

Recommendation

We recommend the City improve its internal controls and develop procedures to ensure staff understand suspension and debarment requirements and verify contractors paid \$25,000 or more, all or in part with federal funds, are not suspended or debarred before contracting with them. In addition, the City should check suspension and debarment when federal funding sources change.

City's Response

The City acknowledges this finding. In 2021, we received the first tranche of ARPA funding in the amount of approximately \$1.3M. The City used this funding on a number of projects to help deal with the effects of the pandemic restrictions. One of the projects the City had been pursuing for a number of years was to renovate our council chambers to better assist in virtual meetings. We contracted with an engineering firm to design the renovations. The design work began before we planned on using Federal ARPA funds to supplement the funding of the project. As such we were not required to follow our Federal purchasing policy to ensure the vendor was not disbarred from Federal projects. A subsequent check showed in fact they were not disbarred. As a result of this finding we have implemented a process to check all contract awards for Federal disbarment in the future case that we utilize federal funding after contracts have been awarded.

For the benefit of our residents, this matter does not represent any misuse of public funds. While we have identified mechanisms to avoid this error in the future, the unique circumstances of the pandemic related funding allocations are unlikely to be replicated in the future.

Auditor's Remarks

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

Applicable Laws and Regulations

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), section 516, Audit findings, establishes reporting requirements for audit findings.

Title 2 CFR Part 200, Uniform Guidance, section 303, Internal controls, describes the requirements for auditees to maintain internal controls over federal programs and comply with federal program requirements.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 935, Compliance Audits, paragraph 11.

Title 2 CFR Part 180, OMB Guidelines on Agencies on Governmentwide Department and Suspension (Nonprocurement) establishes nonprocurement

debarment and suspension regulations implementing Executive Orders 12549 and 12689.

INDEPENDENT AUDITOR'S REPORT

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

City of College Place January 1, 2021 through December 31, 2021

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, 2021, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated September 19, 2022.

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

In addition, we noted certain matters that we have reported to the management of the City in a separate letter dated September 19, 2022.

REPORT ON COMPLIANCE AND OTHER MATTERS

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

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

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

September 19, 2022

INDEPENDENT AUDITOR'S REPORT

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

City of College Place
January 1, 2021 through December 31, 2021

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

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the compliance of the City of College Place, with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2021. The City's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on

compliance for each major federal program. Our audit does not provide a legal determination on the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed; and

- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2021-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

City's Response to Findings

The City's response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Federal Award Findings and Questioned Costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify deficiencies in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal*

control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2021-001 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

City's Response to Findings

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

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



Pat McCarthy, State Auditor

Olympia, WA

September 19, 2022

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

City of College Place January 1, 2021 through December 31, 2021

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of the City of College Place, as of and for the year ended December 31, 2021, and the related notes to the financial statements, as listed in the table of contents.

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

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash and investments of the City of College Place, and its changes in cash and investments, for the year ended December 31, 2021, on the basis of accounting described in Note 1.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion, they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of College Place, as of December 31, 2021, or the changes in financial position or cash flows thereof for the year then ended, because of the significance of the matter discussed below.

Basis for Unmodified and Adverse Opinions

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

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

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

Matters of Emphasis

As discussed in Note 3 to the financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the District is unknown. Management's plans in response to this matter are also described in Note 3. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinions on the financial statements that collectively comprise the City's financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Schedule of Liabilities is also

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2022 on our consideration of the City's internal control over financial reporting and on the tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Pat McCarthy, State Auditor

Olympia, WA

September 19, 2022

FINANCIAL SECTION

City of College Place January 1, 2021 through December 31, 2021

FINANCIAL STATEMENTS

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

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2021
Schedule of Expenditures of Federal Awards – 2021
Notes to the Schedule of Expenditures of Federal Awards – 2021

City of College Place
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		Total for All Funds (Memo Only)	001 Current Expense Fund	100 Street Fund	120 Criminal Justice Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	14,386,093	2,987,623	305,359	15,433
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	6,447,846	5,985,171	-	-
320	Licenses and Permits	795,564	363,239	9,525	-
330	Intergovernmental Revenues	6,922,076	1,967,663	219,460	52,886
340	Charges for Goods and Services	8,001,008	800,337	-	-
350	Fines and Penalties	53,380	44,119	-	-
360	Miscellaneous Revenues	966,742	226,384	68,663	(178)
Total Revenues:		23,186,616	9,386,913	297,648	52,708
Expenditures					
510	General Government	1,079,889	1,079,664	75	-
520	Public Safety	3,561,906	3,547,586	-	14,320
530	Utilities	4,102,286	-	-	-
540	Transportation	928,864	29,426	522,856	-
550	Natural/Economic Environment	434,201	420,545	-	-
560	Social Services	2,555	2,555	-	-
570	Culture and Recreation	204,476	204,476	-	-
Total Expenditures:		10,314,177	5,284,252	522,931	14,320
Excess (Deficiency) Revenues over Expenditures:		12,872,439	4,102,661	(225,283)	38,388
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	3,055,602	-	-	-
397	Transfers-In	2,725,209	-	650,000	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	2,340,049	2,331,533	5,566	-
Total Other Increases in Fund Resources:		8,120,860	2,331,533	655,566	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	10,889,406	590,109	-	8,280
591-593, 599	Debt Service	1,850,650	-	-	-
597	Transfers-Out	2,725,209	1,700,934	480,250	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	2,407,577	2,406,077	-	-
Total Other Decreases in Fund Resources:		17,872,842	4,697,120	480,250	8,280
Increase (Decrease) in Cash and Investments:		3,120,457	1,737,074	(49,967)	30,108
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	1,289,864	1,046,988	-	45,540
50841	Committed	11,527,877	984,464	255,392	-
50851	Assigned	1,995,564	-	-	-
50891	Unassigned	2,693,245	2,693,245	-	-
Total Ending Cash and Investments		17,506,550	4,724,697	255,392	45,540

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, 2021

		121 Forfeited Proceeds Fund	130 Hotel/Motel Tax	201 ULTGO Bond Fund	235 Commercial Drive Bond Debt Service
Beginning Cash and Investments					
308	Beginning Cash and Investments	2,060	26,026	14,888	143,603
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	23,774	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	(4)	(79)	22	107
Total Revenues:		(4)	23,695	22	107
Expenditures					
510	General Government	-	-	-	5
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	13,656	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	13,656	-	5
Excess (Deficiency) Revenues over Expenditures:		(4)	10,039	22	102
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	487,950	140,484
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	487,950	140,484
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	487,350	140,483
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	-	487,350	140,483
Increase (Decrease) in Cash and Investments:		(4)	10,039	622	103
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	2,057	36,064	15,509	143,706
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		2,057	36,064	15,509	143,706

City of College Place
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		301 Street Capital Contribution	305 Capital Improvement Fund (REET)	306 Capital Improvement Fund (REET 2)	309 CDBG Projects Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	16,058	323,252	583,592	-
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	222,479	216,422	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	277,952
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	2	(806)	496,551	-
Total Revenues:		2	221,673	712,973	277,952
Expenditures					
510	General Government	-	29	65	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	29	65	-
Excess (Deficiency) Revenues over Expenditures:		2	221,644	712,908	277,952
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	77,239	48,525	277,952
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	11,925	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		11,925	77,239	48,525	277,952
Increase (Decrease) in Cash and Investments:		(11,923)	144,405	664,383	-
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	-
50841	Committed	4,135	467,657	1,247,976	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		4,135	467,657	1,247,976	-

City of College Place
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		311 Street Improvement Fund	315 Facility Maintenance Reserve Fund	320 Equipment Reserve Fund	330 Economic Development Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	395,775	232,667	265,081	577,091
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	264,593	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	287	(748)	(1,147)	365
Total Revenues:		264,880	(748)	(1,147)	365
Expenditures					
510	General Government	-	22	29	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	19	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		19	22	29	-
Excess (Deficiency) Revenues over Expenditures:		264,861	(770)	(1,176)	365
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	400,000	502,750	111,925
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	400,000	502,750	111,925
Other Decreases in Fund Resources					
594-595	Capital Expenditures	374,249	154,761	308,391	88,057
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	100,000	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		474,249	154,761	308,391	88,057
Increase (Decrease) in Cash and Investments:		(209,388)	244,469	193,183	24,233
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	-
50841	Committed	186,387	477,136	458,264	601,325
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		186,387	477,136	458,264	601,325

City of College Place
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		340 Economic Development Reserve Fund	400 Water Fund	401 Wastewater Fund	402 Stormwater Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	65	4,287,213	3,281,860	737,510
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	212,800	210,000	-
330	Intergovernmental Revenues	-	10,247	4,078,441	50,834
340	Charges for Goods and Services	-	2,877,593	3,342,990	601,913
350	Fines and Penalties	-	5,620	3,125	516
360	Miscellaneous Revenues	-	169,364	1,100	(833)
Total Revenues:		-	3,275,624	7,635,656	652,430
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	1,769,260	1,987,450	345,576
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	1,769,260	1,987,450	345,576
Excess (Deficiency) Revenues over Expenditures:		-	1,506,364	5,648,206	306,854
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	347,886	2,707,716	-
397	Transfers-In	-	-	332,100	100,000
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	2,500	-	-
Total Other Increases in Fund Resources:		-	350,386	3,039,816	100,000
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	692,008	8,255,138	13,085
591-593, 599	Debt Service	-	707,181	466,934	48,702
597	Transfers-Out	-	332,100	-	100,000
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	1,500	-	-
Total Other Decreases in Fund Resources:		-	1,732,789	8,722,072	161,787
Increase (Decrease) in Cash and Investments:		-	123,961	(34,050)	245,067
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	-
50841	Committed	65	3,936,379	2,494,800	413,897
50851	Assigned	-	474,794	753,009	568,682
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		65	4,411,173	3,247,809	982,579

City of College Place
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		500 Equipment Rental & Replacement
		<hr/>
Beginning Cash and Investments		
308	Beginning Cash and Investments	190,937
388 / 588	Net Adjustments	-
Revenues		
310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	-
340	Charges for Goods and Services	378,175
350	Fines and Penalties	-
360	Miscellaneous Revenues	7,692
Total Revenues:		<hr/> 385,867
Expenditures		
510	General Government	-
520	Public Safety	-
530	Utilities	-
540	Transportation	376,563
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		<hr/> 376,563
Excess (Deficiency) Revenues over Expenditures:		9,304
Other Increases in Fund Resources		
391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	450
Total Other Increases in Fund Resources:		<hr/> 450
Other Decreases in Fund Resources		
594-595	Capital Expenditures	1,612
591-593, 599	Debt Service	-
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	-
Total Other Decreases in Fund Resources:		<hr/> 1,612
Increase (Decrease) in Cash and Investments:		<hr/> 8,142
Ending Cash and Investments		
50821	Nonspendable	-
50831	Restricted	-
50841	Committed	-
50851	Assigned	199,079
50891	Unassigned	-
Total Ending Cash and Investments		<hr/> 199,079

The accompanying notes are an integral part of this statement.

City of College Place
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		Private-Purpose Trust
		<hr/>
308	Beginning Cash and Investments	10,020
388 & 588	Net Adjustments	-
310-390	Additions	12,977
510-590	Deductions	<hr/> 10,044
	Net Increase (Decrease) in Cash and Investments:	2,933
508	Ending Cash and Investments	12,953

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, ambulance transport services, and general administrative services. In addition, the city owns and operates utility systems for; water, wastewater, and stormwater.

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 that are different from the ending net position classification 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 - ContinuedCapital 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 4, *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, 2021, City of College Place employees had an accumulated bank of 5,743 hours of vacation and comp time. As of December 31, 2021 this bank had a potential total payout of \$210,035 if all city employees had been terminated at that time. The City has estimated an additional \$16,068 in associated payroll taxes for a total potential liability of \$226,103.

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, 2021 this bank had a potential total payout of \$85,770. The City has estimated an additional \$6,561 in associated payroll taxes for a total potential liability of \$92,331.

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 6, *Debt Service Requirements*.

G. Restricted and Committed 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 the most restricted resources first.

Reservations of Ending Cash and Investments consist of:

Fund	Fund Name	Balance	Restriction	Purpose
001	Current Expense Reserve Fund	\$ 377,709	Internal	Reserve Account
001	Technology Reserve Fund	\$ 263,910	Internal	Operation, maintenance, and replacement of technology equipment, information systems, and media services
001	Employee Benefit Reserve Fund	\$ 342,845	Internal	Reserve for post-employment benefit obligations
100	Street Fund	\$ 255,392	Internal	Maintaining public ways
120	Criminal Justice Fund	\$ 45,540	External	Activities/items specifically identified by state statute (domestic violence related and/or DARE program)
121	Forfeited Proceeds Fund	\$ 2,057	Internal	Drug enforcement and related activities
130	Hotel/Motel Tax	\$ 36,064	External	Activities, operations, and expenditures designed to increase tourism.
201	ULTGO Bond Fund	\$ 15,509	External	Debt service of the CARS road reconstruction project
235	Commercial Dr. Bond Debt Service Fund	\$ 143,706	External	Debt service of the Commercial Drive Bond (Commercial Drive infrastructure improvements)
301	Street Capital Contribution Fund	\$ 4,135	Internal	Account for developer contributions to street projects
305	Capital Improvement Fund (REET)	\$ 467,657	External	Capital projects identified on the City's Capital Facility Plan or Transportation Improvement Plan
306	Capital Improvement Fund (REET 2)	\$ 1,247,976	External	Capital projects identified on the City's Capital Facility Plan or Transportation Improvement Plan
311	Street Improvement Fund	\$ 186,387	Internal	Street Projects
315	Facility Maintenance Reserve Fund	\$ 477,136	Internal	Major repair and replacement of City Hall, Annex, and Fire Station buildings
320	Equipment Reserve Fund	\$ 458,264	Internal	Reserve for replacement of capital equipment used by the Current Expense Fund departments and Street Fund.
330	Economic Development Fund	\$ 601,325	Internal	Capital projects tied to economic and infrastructure development in commercial areas
340	Economic Development Reserve Fund	\$ 65	Internal	Infrastructure improvements that support/foster economic growth
400	Water Capital Reserve Fund	\$ 1,519,873	Internal	Purchase of equipment necessary to operate and maintain the water system
400	Water Capital Impr. Reserve/Debt Fund	\$ 1,078,055	Internal	Segregate money from water utility customer payments for water system capital improvements and related long term debt service
400	Water System Construction Fund	\$ 1,194,519	External	Segregate DWSRF Funds for water infrastructure construction projects
400	Water/Sewer Revenue Bond Fund	\$ 143,932	External	Debt service related to the financing of the water/sewer portion of the Whitman Drive Extension
401	Wastewater Capital Reserve Fund	\$ 1,823,803	Internal	Purchase of equip. necessary to operate and maintain the wastewater system
401	Wastewater Debt Service Fund	\$ 332,302	Internal	Debt service related to the financing of the Wastewater Treatment Plant
401	Water/Sewer Bond Reserve Fund	\$ 338,695	External	Reserve for debt service related to the financing of the water/sewer portion of the Whitman Drive Extension Project
403	Storm Water Capital Reserve Account	\$ 413,897	Internal	Purchase of equipment necessary to operate and maintain the stormwater system
625	Flexible Benefits Plan Fund	\$ 12,953	Internal	Fiduciary fund for employee contributions to the flexible benefit pretax spending plan
		\$ 11,783,705		

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 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	Description	Final Appropriations	Actual Expenses	Variance
001	Current Expense Fund	\$ 9,692,080	\$ 10,037,003	\$ (344,923)
	Current Expense Reserve Fund	\$ 380,131	\$ 25	\$ 380,106
	Technology Reserve Fund	\$ 430,441	\$ 243,983	\$ 186,458
	Employee Benefit Reserve Fund	\$ 326,539	\$ 25,361	\$ 301,178
	Subtotal 001 Current Expense Fund	\$ 10,829,191	\$ 10,306,373	\$ 522,818
100	Street Fund	\$ 1,004,192	\$ 1,003,181	\$ 1,011
120	Criminal Justice Fund	\$ 30,694	\$ 22,601	\$ 8,093
121	Forfeited Proceeds Fund	\$ 2,594	\$ 0	\$ 2,594
130	Hotel/Motel Tax	\$ 46,308	\$ 13,656	\$ 32,652
201	ULTGO Bond Fund	\$ 500,230	\$ 487,350	\$ 12,880
202	LTGO Bond Fund	\$ 52,004		\$ 52,004
235	Commercial Drive Bond Debt Service Fund	\$ 285,853	\$ 140,488	\$ 145,365
301	Street Capital Contribution Fund	\$ 36,079	\$ 11,925	\$ 24,154
305	Capital Improvement Fund (REET)	\$ 537,653	\$ 77,268	\$ 460,385
306	Capital Improvement Fund (REET 2)	\$ 2,172,627	\$ 48,590	\$ 2,124,037
309	CDBG Projects Fund	\$ 339,530	\$ 277,952	\$ 61,578
311	Street Improvement Fund	\$ 1,119,690	\$ 474,268	\$ 645,422
315	Facility Maintenance Reserve Fund (CE)	\$ 540,828	\$ 154,783	\$ 386,045
320	Equipment Reserve Fund	\$ 583,655	\$ 308,419	\$ 275,236
330	Economic Development Fund	\$ 693,901	\$ 88,057	\$ 605,844
340	Economic Development Reserve Fund	\$ 65		\$ 65
400	Water Fund			
	Water Fund	\$ 2,319,445	\$ 2,001,737	\$ 317,708
	Water Capital Reserve Fund	\$ 3,817,531	\$ 634,674	\$ 3,182,857
	Water Capital Improvement Reserve Fund	\$ 4,072,616	\$ 1,039,322	\$ 3,033,294
	Water Bond Reserve Fund	\$ 440,475	\$ 5	\$ 440,470
	Water System Construction Fund	\$ 578,421	\$ 54,065	\$ 524,356
	Subtotal 400 Water Fund	\$ 11,228,488	\$ 3,729,803	\$ 7,498,685
401	Wastewater Fund			
	Wastewater Fund	\$ 4,527,263	\$ 3,837,451	\$ 689,812
	Wastewater Capital Reserve Fund	\$ 9,256,827	\$ 9,055,063	\$ 201,764
	Wastewater Debt Service Fund	\$ 964,705	\$ 1,484,891	\$ (520,186)
	Water Revenue Bond Fund	\$ 380,848	\$ 332,114	\$ 48,734
	Subtotal 401 Wastewater Fund	\$ 15,129,643	\$ 14,709,520	\$ 420,123
402	Stormwater Fund	\$ 1,033,093	\$ 445,552	\$ 587,541
403	Stormwater Capital Reserve Fund	\$ 309,002	\$ 61,807	\$ 247,195
500	Equipment Rental & Replacement	\$ 604,154	\$ 378,175	\$ 225,979
625	Flexible Benefits Plan Fund	\$ 25,183	\$ 10,044	\$ 15,139
	Fund Totals	\$ 47,104,657	\$ 32,749,812	\$ 14,354,845

NOTE 2 – Continued

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 College Place's legislative body.

NOTE 3 – COVID-19 Pandemic

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of COVID-19. Precautionary measures to slow the spread of the virus continued throughout 2021. These measures included limitations on business operations, public events, gatherings, travel, and in-person interactions.

The City proactively implemented safety measures, and operations have continued with most staff working remotely. Management continues to monitor the situation for any operational or financial effects and is ready to respond appropriately as needed. To date, the City has not experienced any direct financial impacts due to the pandemic.

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

NOTE 4 – 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, 2021 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.	\$ 2,356,307	\$ -	\$ 2,356,307
Treasury Obligations	51,358	-	51,358
U.S. Government Agency Securit	4,469,488	-	4,469,488
Total	\$ 6,877,153	\$ -	\$ 6,877,153

NOTE 5 - 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 2021 was \$2.061746211 per \$1,000 on an assessed valuation of \$753,731,784 for a total regular levy of \$1,554,004.

In 2021 the City also levied an additional \$0.657771299 per \$1,000, on an assessed valuation of \$740,911,015 for debt service on the CARS project bond. The additional levy was \$487,350

NOTE 6 – Long Term Debt

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, 2021.

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

Period	Principal	Interest	Total
2022	1,723,739	373,182	2,096,922
2023	1,403,298	379,830	1,783,128
2024	1,416,957	355,135	1,772,092
2025	1,381,990	326,764	1,708,754
2026	1,142,645	299,353	1,441,997
2027-2031	5,219,169	1,099,462	6,318,631
2032-2036	3,692,010	450,836	4,142,845
2037-2041	1,771,338	163,180	1,934,518
Totals	\$ 17,751,146	\$ 3,447,741	\$ 21,198,888

During the year, the City of College Place continued to draw on three Drinking Water State Revolving Fund loans. In addition, the City started two wastewater projects. The first one was for construction of the Southwest Sewer in which two loans were drawn from; one SRF loan from the Department of Ecology (DOE) and the second from USDA-RD. The second project was a loan from DOE for engineering and design on improvements to the Waste Water treatment plant. The details of these loans are as follows:

- DWL23478 – For completing construction on Well #1. \$1,195,431 principal, 1% loan fee, no forgiveness, 24-year term, 1.0% interest. Total drawn at December 31, 2021 was \$916,087.
- DWL23479 – For drilling Well #2. \$1,822,615 principal, 1% loan fee, no forgiveness, 20-year term, 1.5% interest. A total of \$1,061,706 was drawn through December 31, 2021.
- DWL24936 – For completing construction on Well #2. \$2,649,944 principal, 20-year loan term, 1.75% interest, no loan forgiveness. A total of \$26,237 was drawn through December 31, 2021.

- EL210176 – For Southwest Sewer with the DOE, \$2,382,081 principal, no forgiveness, 20- year term, 1.2% interest. A total of \$1,129,232 was drawn through December 31, 2021.
- ID 2203-002 – For Southwest Sewer with USDA-RD, \$2,838,000 principal, no forgiveness, 40- year term, 1.125% interest. A total of \$2,838,000 was drawn through December 31, 2021. The first payment is due January 6th, 2023.
- EL200291 – For engineering and design on the improvements to the Wastewater Treatment plant with the DOE, \$2,500,000 principal, \$600,000 forgiveness, 20- year term, 2.0% interest. A total of \$1,257,708 was drawn through December 31, 2021.

NOTE 7 – OPEB Plans

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, 2021, the plan had 1 member, a retiree. For the year ended December 31, 2021, the City paid \$25,338 in benefits.

During the year ended 2021, the City of College Place adopted guidance for the presentation and disclosure of postemployment benefits other than pensions, as required by the BARS manual. This requirement resulted in the addition of a postemployment benefit liability reported on the Schedule of Liabilities. As of December 31, 2021, the plan had one retired member. As of December 31, 2021, the City of College Place's total OPEB liability was \$589,017, as calculated using the alternative measurement method.

NOTE 8 – Paid Family Medical Leave Act Self-Insurance

The city administers a voluntary plan for paid family (and/or) medical leave benefits for its employees. Voluntary plans are approved by the Employment Security Department and are available for employers who wish to opt out of the State of Washington's Paid Family & Medical Leave Program for either family leave benefit, medical leave benefit, or both, and instead administer their own internal plan. Employers with voluntary plans are required to offer benefits that are equal to or exceed the benefits offered by the State's program and must report employee hours, wages, premiums deducted from employee pay, and other information to the Employment Security Department on a quarterly basis.

The city paid a total of \$12,871.19 in 2021 and held \$2,323.40 of employee premiums at fiscal year-end.

NOTE 9 - 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.

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 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.

At June 30, 2021 (the measurement date of the plans), the city's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$90,645	.012169%	\$148,612
PERS 2/3	\$123,539	.013024%	(\$1,299,193)
LEOFF 1	\$0	.003889%	(\$133,220)
LEOFF 2	\$75,990	.038120%	(\$2,214,167)
VFFRPF	\$210	.110000%	(\$23,756)

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 10 – RISK MANAGEMENT

The City of College Place is a member of 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 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 November 30, 2021, membership includes 192 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, Crime Protection and Liability, including General, Automobile, Wrongful Acts, and Cyber, which are included to fit the member's 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**. Members are responsible for a \$1,000 to \$10,000 deductible for each claim (can vary by member), while the program is responsible for the **\$100,000 SIR**. Since the program is a cooperative program, there is joint liability among the participating members toward the sharing of the \$100,000 SIR, 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 \$3,505,566**, which is fully funded in its annual budget.

Property insurance is subject to a per occurrence **SIR of \$100,000**. Members are responsible for a \$1,000 deductible for each claim (some member deductibles vary). The program bears the **\$100,000 SIR**, in addition to the deductible.

Crime insurance is subject to a per occurrence self-insured retention of \$25,000. Members are responsible for a \$1,000 deductible for each claim (some member deductibles vary). The program bears the \$25,000 SIR, in addition to the deductible.

Equipment Breakdown insurance is subject to a per occurrence deductible of \$2,500 (cities and special districts) and \$500 (fire districts), 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 SIR on this coverage, with the exception of Pumps & Motors, which is \$15,000 and is covered by CIAW.

Cyber liability insurance is subject to a per-occurrence **SIR of \$50,000**. Members are responsible for a \$10,000 deductible for each claim, while the program is responsible for the remaining **\$40,000 SIR**.

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.

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, 2021, were \$2,772,986.77.**

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.

NOTE 11 - 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, 2021.

- a) Council Chambers Renovation & AV Design (1022) – This is the construction and design contract that started October 2021 and is expected to go through 2022.
- b) 4BIKES Construction (6029) – Construction project approved December 2021, but not expected to start until 2022.
- 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) Lift Station #5 Replacement (7019) – Engineering services for Lift Station #5 replacement that was approved December 2021.
- e) Wastewater Treatment Plant Upgrade (WWTPMJRIMP) – Design engineering services for an update to the wastewater treatment plant approved in Fall of 2019.
- f) Southwest Sewer & Lift Station (SWSEWER) – This is the construction for the SW Sewer Lift Station No. 7 that was approved in January 2021.
- g) Safewalk Sidewalk (6048) – This is the construction for the Safewalk project that was approved in April 2021.
- h) Sky & 12th Waterline Replacement (8007) – This is engineering services for the design work to replace the steel main in the alley of 12th & Mountain View that was approved in January 2021.
- i) Well House #6 (8001) – This is the construction of Well House #6 that was approved in October 2021, but not expected to start until 2022.

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

	Spent to Date 12/31/2021	Remaining Commitment as of 12/31/2021
1022 (Design & Construction)	\$30,000	\$120,000
6029 (Construction)	\$0	\$539,758
WATERWELLS (Engineering)	\$1,468,713	\$213,371
7019 (Engineering)	\$3,863	\$286,537
WWTPMJRIMP (Engineering)	\$1,607,756	\$400,704

SWSEWER (Construction)	\$6,324,601	\$1,675,399
6048 (Construction)	\$235,097	\$193,223
8007 (Engineering)	\$52,523	\$131,877
8001 (Construction)	\$0	\$2,648,241
Total Committed		\$6,209,110

The committed balance of \$5,808,406 will be funded with grants from WA Transportation Improvement Board grants, Public Works Trust Fund State grant, WA Department of Commerce legislative appropriations, WA Drinking Water State Revolving Fund loan, WA Department of Health loans, WA Department of Ecology loan, State Grants, City fund balances, American Rescue Plan Act Funds, and the proceeds from the 2017 Water Revenue Bond issuance.

B. Subsequent Events

On January 25, 2022, Council authorized the City Administrator to sign the McKinstry Investment Grade Audit Agreement for City Facilities contract for an amount of \$71,424.

On January 25, 2022, Council authorized the Resolution approving the City of College Place to participate in an establishment of a regional drug task force, which is mostly funded by a Department of Justice Grant for \$80,000. The estimated costs of the drug task force position are \$112,500.

On February 8, 2022, Council accepted the petition from the Autumn Meadows Homeowner Association for the City to assume infrastructure upon transaction of funds and creation of a Local Improvement District to finance the \$200,959 liability.

On February 8, 2022, Council authorized the City Administrator to sign the loan agreement from the State Public Works Board Pre-Construction Loan in an amount of \$350,000 to conduct engineering activities for a new reservoir/elevated water tank.

On February 22, 2022, Council approved the contract with POW for the Sky/Mountain View Waterline project for an amount not to exceed \$841,978.24, which includes a budgeted amount of \$617,000 and approved appropriation of \$22,4978.24.

On February 22, 2022, Council authorized the award of the 2022 Sewer CIPP Project with Iron Horse LLC, not to exceed \$201,252.62.

On February 22, 2022, Council authorized the City Administrator sign a contract for the Solar Array at the East Side Booster Tank site with McKinstry in an amount not to exceed \$508,899, which consists of

\$497,909 for Solar Array Construction and \$10,990 for IGA. The budgeted amount is \$450,000 with an approved appropriation of \$30,990, which is funded through other grants.

On February 22, 2022, Council authorized the City Administrator to sign a contract with Anderson Perry Engineering for sidewalk engineering on 6th & 8th streets in an amount not to exceed \$90,000.

On February 23, 2021, Council authorized the City Administrator to sign the subcontracts for SEEK grant funded youth recreation programs with College Place Public Schools, SonBridge and Wall Walla Campfire in an amount awarded of \$216,375.

On March 22, 2022, Council authorized the request for additional loan funds from the Public Works Board for the Sky/Mountain View Waterline project. The additional loan request was for \$225,000.

On March 22, 2022, Council authorized the City Administrator to sign a Professional Services Agreement with RH2 Engineers for \$565,000 for the Well 7 Drilling and Design work.

On March 22, 2022, Council approved the agreement with Walla Walla County Public Works to perform the annual Chip Sealing in an amount not to exceed \$60,000.

On April 12, 2022, Council authorized the City Administrator to sign a contract with Tyler Technologies for implementation of a new ERP system in an amount not to exceed \$224,037 for the first year.

On April 26, 2022, Council authorized the Finance Director to pay off the final two payments of the Commercial Drive GO bond held at Banner Bank in the amount of \$261,748. There is no early payment penalty.

On April 26, 2022, Council authorized city staff to issue the Notice of Intent to award Nelson Construction, Corporation and enter into a contract in an amount not to exceed \$675,038 plus a 10% contingency and sales tax for the Council Chamber Remodel and AV Upgrade.

C. Contingencies and Litigations

There are no pending legal issues as of 08/29/2022.

**City of College Place
Schedule of Liabilities
For the Year Ended December 31, 2021**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	LTGO Bond - 06/2019	6/1/2024	181,244	-	43,354	137,890
251.11	LTGO Bond - 08/2008	4/9/2023	502,371	-	117,633	384,738
251.12	ULTGO Bond - 2/2014	12/1/2023	4,880,000	-	300,000	4,580,000
263.87	DWSRF DWL23476 - 10/2042	10/1/2042	1,437,899	-	65,359	1,372,540
263.87	DWSRF DWL23478 - 10/2043	10/1/2042	809,882	106,205	18,406	897,681
263.87	DWSRF DWL23479 - 10/2038	10/1/2038	829,304	241,681	56,595	1,014,390
263.87	DOE SRF L9900018A - 12/1998	2/1/2021	124,334	-	124,334	-
263.87	DOE SRF L9900018B - 12/1998	2/1/2022	15,750	-	10,500	5,250
263.87	DOE SRF EL200291	7/31/2044	-	1,221,263	-	1,221,263
263.87	DOE SRF EL210176	6/30/2042	-	1,129,322	-	1,129,322
Total General Obligation Debt/Liabilities:			8,780,784	2,698,471	736,181	10,743,074
Revenue and Other (non G.O.) Debt/Liabilities						
252.11	Water Revenue Bond - 10/2017	12/1/2037	3,825,000	-	225,000	3,600,000
259.12	Compensated Absences		310,259	8,175	-	318,434
263.82	USDA Sewer Revenue Bond	1/6/2062	-	2,838,000	-	2,838,000
263.88	PWTF PW05-691-010 - 04/2005	7/1/2025	844,428	-	168,887	675,541
263.88	PWTF DWSRF 04-65104-005 - 03/2006	10/1/2025	439,181	-	87,839	351,342
263.88	PWTF PC08-951-011 - 03/2008	7/1/2028	2,029,318	-	253,667	1,775,651
264.30	Net Pension Liability		605,287	-	456,675	148,612
264.40	OPEB Liabilities		575,656	13,361	-	589,017
Total Revenue and Other (non G.O.) Debt/Liabilities:			8,629,129	2,859,536	1,192,068	10,296,597
Total Liabilities:			17,409,913	5,558,007	1,928,249	21,039,671

City of College Place
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Note
				From Pass- Through Awards	From Direct Awards	Total	
FOREST SERVICE, AGRICULTURE, DEPARTMENT OF (via Washington State DNR)	Cooperative Forestry Assistance	10.664	2016-DG- 11062765-729	19,913	-	19,913	12
RURAL UTILITIES SERVICE, AGRICULTURE, DEPARTMENT OF	Water and Waste Disposal Systems for Rural Communities	10.760	SWSEWER	-	3,734,146	3,734,146	12
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Washington State Department of Commerce)	Community Development Block Grants/State's program and Non- Entitlement Grants in Hawaii	14.228	CDGBSDWLKS	242,619	-	242,619	12
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Washington State Department of Ecology)	Community Development Block Grants/State's program and Non- Entitlement Grants in Hawaii	14.228	1821 Stormwater Capacity	42,736	-	42,736	12
Total CFDA 14.228:				285,355	-	285,355	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Bulletproof Vest Partnership Program	16.607	Bulletproof Vest Award	-	2,828	2,828	12
Highway Safety Cluster							
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Traffic Safety Commission)	State and Community Highway Safety	20.600	Impaired Driving DUI Emphasis	854	-	854	12

The accompanying notes are an integral part of this schedule.

City of College Place
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Note
				From Pass- Through Awards	From Direct Awards	Total	
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Traffic Safety Commission)	State and Community Highway Safety	20.600	X52 Sustained Enforcement	283	-	283	12
				Total Highway Safety Cluster:			1,137
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATON, TRANSPORTATION, DEPARTMENT OF	Technical Assistance Grants	20.710	1050 - PHSMA	-	49,770	49,770	12
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027		-	253,423	253,423	1,2
Drinking Water State Revolving Fund Cluster							
ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY (via State Department of Health)	Capitalization Grants for Drinking Water State Revolving Funds	66.468	Well#1/#2	343,664	-	343,664	1,2,5
Total Drinking Water State Revolving Fund Cluster:				343,664	-	343,664	-
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF	Assistance to Firefighters Grant	97.044	EMW-2020-FG- 03321	-	2,673	2,673	12
Total Federal Awards Expended:				650,069	4,042,840	4,692,909	-

The accompanying notes are an integral part of this schedule.

**Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021**

Note 1 – Basis of Accounting

This Schedule is prepared on the same basis of accounting as the City of College Place financial statements. 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.

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

Note 2 – Indirect Cost Rate

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

Note 3 – Federal Loans

The City of College Place was approved by the EPA to receive loans totaling \$3,000,000, \$1,822,615, and \$1,195,431 to improve its drinking water system. The amounts listed for these loans include the proceeds used during the year. The balance owing at the end of the year is \$3,300,257. The current year loans are reported on the City of College Place's Schedule of Liabilities.

Note 4 – Revolving Loan – Program Income

The City of College Place has a revolving loan program for drinking water with the Department of Health. Under this federal program, repayments to the City of College Place are considered program revenues and loans of such funds to eligible recipients are considered expenditures. The amount of loan funds disbursed to program recipients for the year was \$356,130 and is presented in this Schedule. The amount of principal and interest received in loan repayments for the year was \$175,841. The loans are split by the DOH according to the source of funds. The Federal portion for 2021 was \$343,664.

Note 5 – Program Costs

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



CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED UNDER UNIFORM GUIDANCE

City of College Place
January 1, 2021 through December 31, 2021

This schedule presents the corrective action planned by the City for findings reported in this report in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Finding ref number: 2021-001	Finding caption: The City lacked adequate internal controls for ensuring compliance with federal suspension and debarment requirements.
Name, address, and telephone of City contact person: Brian Carleton, Finance Director, (509)394-8507 625 S. College Avenue College Place, WA 99324	
Corrective action the auditee plans to take in response to the finding: <i>As a result of this finding we have implemented a process to check all contract awards for Federal disbarment, prior to Council approval. Also, per our City Attorney we will be adding language to all our contracts that specify compliance with Federal purchasing requirements when Federal funds are utilized.</i>	
Anticipated date to complete the corrective action: 9/30/2022	

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