



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

City of Hoquiam

For the period January 1, 2022 through December 31, 2022

Published September 21, 2023

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

September 21, 2023

Mayor and City Council
City of Hoquiam
Hoquiam, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the City of Hoquiam'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 Hoquiam January 1, 2022 through December 31, 2022

SECTION I – SUMMARY OF AUDITOR’S RESULTS

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

Financial Statements

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

Internal Control over Financial Reporting:

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

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

Federal Awards

Internal Control over Major Programs:

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

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

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

Identification of Major Federal Programs

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

<u>ALN</u>	<u>Program or Cluster Title</u>
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii
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

None reported.

INDEPENDENT AUDITOR'S REPORT

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

City of Hoquiam January 1, 2022 through December 31, 2022

Mayor and City Council
City of Hoquiam
Hoquiam, 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 Hoquiam, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated September 13, 2023.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

We noted certain other matters that we have reported to the management of the City in a separate letter dated September 13, 2023.

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, reading "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

September 13, 2023

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 Hoquiam
January 1, 2022 through December 31, 2022

Mayor and City Council
City of Hoquiam
Hoquiam, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the compliance of the City of Hoquiam, 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, 2022. 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, 2022.

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.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

Our 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. 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.

Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other

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

A handwritten signature in black ink, reading "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

September 13, 2023

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

City of Hoquiam January 1, 2022 through December 31, 2022

Mayor and City Council
City of Hoquiam
Hoquiam, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of the City of Hoquiam, as of and for the year ended December 31, 2022, and the related notes to the financial statements, as listed in the financial section of our report.

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 Hoquiam, and its changes in cash and investments, for the year ended December 31, 2022, 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 Hoquiam, as of December 31, 2022, 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.

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 opinion on the financial statements that collectively comprise the City's financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Schedule of Liabilities is also presented for purposes of additional analysis, as required by the prescribed BARS manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and

certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2023 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, reading "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

September 13, 2023

FINANCIAL SECTION

City of Hoquiam January 1, 2022 through December 31, 2022

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2022
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2022
Notes to Financial Statements – 2022

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2022
Schedule of Expenditures of Federal Awards – 2022
Notes to the Schedule of Expenditures of Federal Awards – 2022

City of Hoquiam
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		Total for All Funds (Memo Only)	001 General Fund	101 Cemetery Fund	106 Street Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	19,853,600	5,022,697	555,026	329,734
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	7,697,237	7,144,575	-	-
320	Licenses and Permits	456,466	444,577	-	3,567
330	Intergovernmental Revenues	3,620,539	2,767,290	-	359,402
340	Charges for Goods and Services	8,699,194	446,701	131,638	807
350	Fines and Penalties	75,985	75,985	-	-
360	Miscellaneous Revenues	2,066,998	1,692,086	21,903	47,805
Total Revenues:		22,616,419	12,571,214	153,541	411,581
Expenditures					
510	General Government	1,399,728	1,384,852	-	14,837
520	Public Safety	8,357,266	5,824,409	-	-
530	Utilities	5,171,735	277,809	213,781	-
540	Transportation	739,095	105,575	-	403,629
550	Natural/Economic Environment	155,836	152,781	-	-
560	Social Services	2,602	2,602	-	-
570	Culture and Recreation	426,234	426,234	-	-
Total Expenditures:		16,252,496	8,174,262	213,781	418,466
Excess (Deficiency) Revenues over Expenditures:		6,363,923	4,396,952	(60,240)	(6,885)
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	1,058,000	-	-	-
397	Transfers-In	1,569,482	279,061	26,000	443,080
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	2,548,944	39,052	-	-
Total Other Increases in Fund Resources:		5,176,426	318,113	26,000	443,080
Other Decreases in Fund Resources					
594-595	Capital Expenditures	8,254,721	2,926,967	20,434	264,787
591-593, 599	Debt Service	1,216,880	-	-	-
597	Transfers-Out	1,569,482	552,351	-	-
585	Special or Extraordinary Items	6,986	6,986	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		11,048,069	3,486,304	20,434	264,787
Increase (Decrease) in Cash and Investments:		492,280	1,228,761	(54,674)	171,408
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	2,083,721	-	-	-
50841	Committed	738,141	86,924	472,393	-
50851	Assigned	12,892,665	1,533,176	27,957	501,140
50891	Unassigned	4,631,361	4,631,361	-	-
Total Ending Cash and Investments		20,345,888	6,251,461	500,350	501,140

The accompanying notes are an integral part of this statement.

City of Hoquiam
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		109 Ambulance Fund	112 Tourism Fund	114 General Capital Fund	130 CD Repay Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	1,050,583	76,145	458,396	327,563
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	215,468	31,140	142,756	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	391,675	-	-	-
340	Charges for Goods and Services	1,670,998	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	53,485	1,062	-	-
Total Revenues:		2,331,626	32,202	142,756	-
Expenditures					
510	General Government	-	-	-	39
520	Public Safety	2,214,310	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	3,055	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		2,214,310	3,055	-	39
Excess (Deficiency) Revenues over Expenditures:		117,316	29,147	142,756	(39)
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	26,290	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	60,000
Total Other Increases in Fund Resources:		26,290	-	-	60,000
Other Decreases in Fund Resources					
594-595	Capital Expenditures	22,170	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	21,515	44,500	82,130	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		43,685	44,500	82,130	-
Increase (Decrease) in Cash and Investments:		99,921	(15,353)	60,626	59,961
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	-
50841	Committed	-	-	-	-
50851	Assigned	1,150,502	60,793	519,022	387,524
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		1,150,502	60,793	519,022	387,524

The accompanying notes are an integral part of this statement.

City of Hoquiam
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		209 Fire Truck Bond	210 Ambulance Bond	220 Fire Engine Bond	401 Water, Sewer & Storm
Beginning Cash and Investments					
308	Beginning Cash and Investments	-	81,847	-	9,181,133
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	70,890	92,408	-
320	Licenses and Permits	-	-	-	8,322
330	Intergovernmental Revenues	-	4,994	-	97,178
340	Charges for Goods and Services	-	-	-	6,036,929
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	-	-	250,657
Total Revenues:		-	75,884	92,408	6,393,086
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	318,547
530	Utilities	-	-	-	4,680,145
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	-	4,998,692
Excess (Deficiency) Revenues over Expenditures:		-	75,884	92,408	1,394,394
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	1,058,000
397	Transfers-In	100,975	-	-	694,076
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	2,449,892
Total Other Increases in Fund Resources:		100,975	-	-	4,201,968
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	5,020,363
591-593, 599	Debt Service	100,975	71,314	-	1,044,591
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		100,975	71,314	-	6,064,954
Increase (Decrease) in Cash and Investments:		-	4,570	92,408	(468,592)
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	-
50841	Committed	-	86,416	92,408	-
50851	Assigned	-	-	-	8,712,551
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		-	86,416	92,408	8,712,551

The accompanying notes are an integral part of this statement.

City of Hoquiam
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		501 Equipment Rental
		<hr/>
Beginning Cash and Investments		
308	Beginning Cash and Investments	2,770,476
388 / 588	Net Adjustments	-
Revenues		
310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	-
340	Charges for Goods and Services	412,121
350	Fines and Penalties	-
360	Miscellaneous Revenues	-
Total Revenues:		<hr/> 412,121
Expenditures		
510	General Government	-
520	Public Safety	-
530	Utilities	-
540	Transportation	229,891
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		<hr/> 229,891
Excess (Deficiency) Revenues over Expenditures:		<hr/> 182,230
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:		<hr/> -
Other Decreases in Fund Resources		
594-595	Capital Expenditures	-
591-593, 599	Debt Service	-
597	Transfers-Out	868,986
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	-
Total Other Decreases in Fund Resources:		<hr/> 868,986
Increase (Decrease) in Cash and Investments:		<hr/> (686,756)
Ending Cash and Investments		
50821	Nonspendable	-
50831	Restricted	2,083,721
50841	Committed	-
50851	Assigned	-
50891	Unassigned	-
Total Ending Cash and Investments		<hr/> 2,083,721

City of Hoquiam
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		Total for All Funds (Memo Only)	Pension/OPEB Trust Fund	Custodial
308	Beginning Cash and Investments	137,110	68,264	68,846
388 & 588	Net Adjustments	-	-	-
310-390	Additions	406,264	93,040	313,224
510-590	Deductions	379,109	79,422	299,687
	Net Increase (Decrease) in Cash and Investments:	27,155	13,618	13,537
508	Ending Cash and Investments	164,266	81,883	82,383

The accompanying notes are an integral part of this statement.

CITY OF HOQUIAM

Notes to the Financials - January 1, 2022 to December 31, 2022

Note 1 – Summary of Significant Accounting Policies

The City of Hoquiam was incorporated on May 21, 1890 and operates under the laws of the state of Washington applicable to a Code City with a Mayor- Council form of government. The City is a general purpose local government and provides police, fire, ambulance, water treatment and distribution, sewage collection and treatment, street maintenance, planning and zoning, and recreation services.

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

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements.
- 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 for proprietary and fiduciary funds are presented using classifications that are different from the ending net position classifications in GAAP.

A. Fund Accounting

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

Governmental Fund Types:

General Fund

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

Special Revenue Funds

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

Debt Service Funds

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

Capital Projects Funds

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

CITY OF HOQUIAM

Notes to the Financials - January 1, 2022 to December 31, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

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 government on a cost reimbursement basis.

Fiduciary Fund Types:

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

Pension (and Other Employee Benefit) Trust Funds

These funds are used to report fiduciary activities for pension and OPEB plans administered through trust.

Custodial Funds

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

B. Basis of Accounting and Measurement Focus

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

C. Cash and Investments

See note 5, *Deposits and Investments*.

D. Capital Assets

Capital Assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of 2 years. The capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Vacation leave may be accumulated up to 60 days and is payable upon separation or retirement. Sick leave may be accumulated up to 960 hours. Upon retirement employees receive payment for a portion of unused sick leave. Payments are recognized as expenditures when paid.

F. Long-Term Debt

See Note 4, *Debt Service Requirements*.

CITY OF HOQUIAM

Notes to the Financials - January 1, 2022 to December 31, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

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 ordinance or resolution of the City Council. When expenditures that meet restrictions are incurred, the City intends to use reserved resources before using unreserved amounts.

Restrictions and commitments of Ending Cash and Investments consist of:

General Funds (\$86,923.71)

By the authority of RCW 69.50, the City obtains funds obtained through seizures involving violations of the Washington State Uniformed Controlled Substance Act. If these funds are eventually forfeited, the City accounts for them in a Drug Fund account (\$41,091.43). Expenditures from this account are limited to the exclusive use of enforcing the uniformed controlled substance act.

The City signed the Equitable Sharing Agreement with the United States Department of Justice and occasionally receives funds from forfeitures involving Federal violations involving the Controlled Substances Act. The City accounts for these funds in the Federal Drug Funds Account (\$6,688.16). Expenditures from this account are limited to the exclusive use of enforcing the Controlled Substances Act.

By the authority of RCW 3.50.100, 3.62.020 and 3.62.040 the City created the Restricted Court Account (\$39,144.12) for interest received on municipal court contracts, notes, taxes and accounts. The expenditures are restricted to funding the courts.

Cemetery Funds (\$27,957.14)

The City Council, by Ordinance, created a Cemetery/Mausoleum Endowment Reserve Fund from the initial sale of crypts and niches in the mausoleum for the purpose of caring for the lots, niches and/or crypts.

Ambulance Equipment Bond Fund (\$86,416.26)

By City Council, by Ordinance, created the Ambulance Equipment Bond Fund for the purpose of paying the principal and interest of the Ambulance Equipment Bond.

Engine Equipment Bond (\$92,407.92)

By City Council, by Ordinance, created the Ambulance Equipment Bond Fund for the purpose of paying the principal and interest of the Ambulance Equipment Bond.

CITY OF HOQUIAM

Notes to the Financials - January 1, 2022 to December 31, 2022

Note 2 – Budget

The City adopts biennial appropriated budgets for 32 funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Biennial appropriations for these funds lapse at the fiscal year end. Biennial appropriated budgets are adopted on the same basis of accounting as used for financial reporting. The appropriated and actual expenditures for the legally adopted budgets were as follows:

Fund Number	Fund Name	Appropriated Amounts	Actual Expenditures	Difference
001	General Fund	\$22,506,839	\$18,849,673	\$3,657,166
007	American Rescue Plan Act	\$2,418,386	\$1,045,851	\$1,372,535
101	Cemetery	\$515,785	\$489,953	\$25,832
102	Mausoleum	\$199,265	\$30,706	\$168,559
103	Cemetery Equipment Reserve	\$9,386	\$0	\$9,386
104	Cemetery Preneed	\$266,498	\$5,120	\$261,378
106	Street	\$2,003,117	\$1,515,181	\$487,936
107	Arterial Street	\$467,555	\$523	\$467,032
108	Paths & Trails	\$24,791	\$0	\$24,791
109	Ambulance	\$6,063,362	\$4,500,518	\$1,562,844
110	Ambulance Equipment	\$26,979	\$26,979	\$0
111	Flood Control	\$11,439	\$0	\$11,439
112	Tourism Fund	\$115,618	\$82,875	\$32,743
114	Cum. Reserve General Capital	\$488,339	\$82,130	\$406,209
120	Fire Engine Bond Fund	\$0	\$822,906	-\$822,906
130	Community Development Repay	\$335,664	-\$26	\$335,690
209	2013 Fire Truck	\$200,575	\$200,575	\$0
210	Ambulance Equipment Bond	\$151,737	\$151,449	\$288
302	Sidewalk Construction	\$1,884,125	\$446,385	\$1,437,740
401	Water, Sewer, Storm	\$24,870,351	\$16,838,115	\$8,032,236
402	Watershed Reserve	\$5,090,485	\$1,434,087	\$3,656,398
404	Transmission Line Reserve	\$798,921	\$0	\$798,921
405	Water Utility Construction Fund	\$33,670	\$0	\$33,670
406	Sewer Utility Construction Fund	\$44,487	\$0	\$44,487
410	USDA Loan Repayment	\$709,270	\$652,576	\$56,694
411	USDA Loan Reserve	\$21,936	\$0	\$21,936
417	Landfill Postclosure	\$1,452,469	\$351,796	\$1,100,674
501	Equipment Rental	\$463,559	\$432,128	\$31,431
505	Equipment Rental Reserve	\$2,860,156	\$897,121	\$1,963,035
602	Cem/Maus Endowment	\$161,563	\$139,000	\$22,563
611	Fire/Police Retirees' Benefits	\$610,170	\$563,841	\$46,329
612	Medical/Dental Benefits	\$265,224	\$157,535	\$107,689
Total		\$75,071,721	\$49,716,997	\$25,354,725

CITY OF HOQUIAM

Notes to the Financials - January 1, 2022 to December 31, 2022

Note 2 – Budget Continued...

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

Note 3 – Joint Ventures

Grays Harbor Joint Drug Task Force: The Interagency Drug Task Force is jointly operated by Grays Harbor County and the Cities of Aberdeen and Hoquiam. The purpose of the task force is to enhance the investigation and enforcement of laws against illegal drugs.

The task force is governed by an administrative board comprised of the Grays Harbor Sheriff and the chiefs of police departments of Aberdeen and Hoquiam. The board is responsible to establish a budget, authorize the acquisition of property and equipment, set policies for task force operations, and resolve any disputes that develop between the parties.

In 2022, the City received \$3,787.01 as its portion of the money collected from the auction of assets seized in drug-related cases and from court ordered payments paid by defendants in drug related cases. Expenditures for the program totaled \$168,238.52.

Grays Harbor Communication Center (911): The City participates with Cosmopolis, Elma, Hoquiam, McCleary, Montesano, and Grays Harbor County to operate a central emergency dispatch center. As a participant, the City has an ongoing financial commitment to provide its share of operating funds to the dispatch center. The City contributed \$153,862 to the Communication Center in 2022.

Note 4 – 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's debt transactions for year ended December 31, 2022.

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

	Principal	Interest	Total Debt
2023	\$820,349	\$210,742	\$1,031,091
2024	\$829,728	\$199,728	\$1,029,456
2025	\$839,207	\$188,365	\$1,027,572
2026	\$848,787	\$176,650	\$1,025,437
2027	\$858,472	\$165,055	\$1,023,527
2027-2031	\$3,986,451	\$683,185	\$4,669,636
2032-2036	\$1,148,491	\$510,952	\$1,659,443
2037-2041	\$1,251,152	\$380,288	\$1,631,440
2042-2046	\$1,396,410	\$235,030	\$1,631,440
2047-2051	\$1,279,236	\$74,543	\$1,353,779
2052-2056	\$80,337	\$1,609	\$81,946
Total	\$13,338,620	\$2,826,147	\$16,164,766

CITY OF HOQUIAM

Notes to the Financials - January 1, 2022 to December 31, 2022

Note 5 – Deposits and Investments

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

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

Investments are reported at original cost. Deposits and investments by type at December 31, 2022 are as follows:

Type of Investment	Total Investments
Bank Deposits	\$1,976,126.11
L.G.I.P.	\$18,534,027.89
Total	\$20,510,154.85

Investments in the State Local Government Investment Pool (LGIP)

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

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

Note 6 – OPEB Plans

The LEOFF I Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by the city as required by RCW 41.26. The plan pays for 100% of eligible retirees' healthcare costs on a pay-as-you-go basis. As of December 31, 2022, the plan had 20 members, all retirees. As of December 31, 2022, the City's total OPEB liability was \$10,245,312, as calculated using the alternative measurement method. For the year ended December 31, 2022, the City paid \$267,963.59 in benefits.

Note 7 – Pension Plans

Substantially all City full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans: PERS 1, PERS 2/3, PSERS 2, LEOFF 1 and LEOFF 2.

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

CITY OF HOQUIAM

Notes to the Financials - January 1, 2022 to December 31, 2022

Note 7 – Pension Plans (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
Communication Unit
PO Box 48380
Olympia, WA 98504-8380

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

At June 30, 2022, 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	\$13,129.01	0.002142%	\$59,641
PERS 1 UAAL	\$114,972.75	0.018760%	\$522,347
PERS 2/3	\$176,184.82	0.021931%	(\$813,373)
Public Safety ERS 2	\$20,207.79	0.045271%	(\$32,369)
LEOFF 1		0.048105%	(\$1,379,946)
LEOFF 2	\$201,976.48	0.097559%	(\$2,651,359)

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.

CITY OF HOQUIAM

Notes to the Financials - January 1, 2022 to December 31, 2022

Note 8 – Property Tax

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

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

The city's regular levy for the 2022 year was \$2.66 per \$1,000 on an assessed valuation of \$602,014,967 for a total regular levy of \$1,602,303 and had an additional regular levy set at \$0.36 per \$1,000 for Emergency Medical Services for a total levy of \$219,557. The City has two special levies on an assessed valuation of \$593,046,031 for the debt service on an aerial ladder truck set at \$0.17 per \$1,000 for a total levy of \$101,685, a GO Bond for the purchase and recharis of ambulances set at \$0.125 per \$1,000 for a total levy of \$72,200 and the purchase of a fire engine set at \$0.17 for a total levy of \$99,349.

Note 9 – Risk Management

The City of Hoquiam is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 166 members.

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

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, errors or omissions, stop gap, employment practices, prior wrongful acts, and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$16 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$20 million per occurrence subject to aggregates and sublimits. The Board of Directors determines the limits and terms of coverage annually.

All Members are provided a separate cyber risk policy and premises pollution liability coverage group purchased by WCIA. The cyber risk policy provides coverage and separate limits for security & privacy, event management, and cyber extortion, with limits up to \$1 million and subject to member deductibles, sublimits, and a \$5 million pool aggregate. Premises pollution liability provides Members with a \$2 million incident limit and \$10 million pool aggregate subject to a \$100,000 per incident Member deductible.

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

CITY OF HOQUIAM

Notes to the Financials - January 1, 2022 to December 31, 2022

Note 9 – Risk Management (continued)

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

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

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

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

NOTE 10 – Environmental and Certain Asset Retirement

The City has identified assets that could potentially incur an asset retirement obligation, however a liability is not recognized on the financial statements because it is currently not reasonably estimable. The assets the City has identified include two sewer lagoons, wastewater treatment plant, water treatment plant and dams. Based on a preliminary analysis is not anticipated that these liabilities will be significant. The City also feels the liability will not be estimable for the foreseeable future as all recommended maintenance and reviews are performed on a regular basis.

City of Hoquiam
Schedule of Liabilities
For the Year Ended December 31, 2022

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
263.96	Aerial Ladder Truck	6/1/2028	595,000	-	75,000	520,000
251.12	Ambulance Equipment	12/1/2022	69,340	-	69,340	-
263.83	Wastewater Facility	12/30/2053	-	85,714	-	85,714
263.83	Emerson Pump Station Improvement	12/30/2053	-	959,568	-	959,568
Total General Obligation Debt/Liabilities:			664,340	1,045,282	144,340	1,565,282
Revenue and Other (non G.O.) Debt/Liabilities						
263.22	Landfill Postclosure		485,884	-	277,808	208,076
252.11	Water & Sewer Revenue Bonds - Sewer Lagoon	12/1/2056	5,895,254	-	139,582	5,755,672
263.82	DOE Loan - WWTP Plan	5/31/2033	286,839	-	20,638	266,201
263.82	PWTF Water Main	6/1/2034	6,071,745	-	551,977	5,519,768
252.11	Water & Sewer Revenue Bonds - Sewer Force Main	1/24/2054	1,305,850	-	28,871	1,276,979
263.82	Emerson Pump Station	6/30/1952	92,659	12,719	105,378	-
259.12	Compensated Absences		526,452	-	12,763	513,689
264.30	Net Pension Liability		258,059	323,929	-	581,988
264.40	OPEB Liability		12,675,949	-	2,430,637	10,245,312
Total Revenue and Other (non G.O.) Debt/Liabilities:			27,598,691	336,648	3,567,654	24,367,685
Total Liabilities:			28,263,031	1,381,930	3,711,994	25,932,967

City of Hoquiam
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
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	878660	878,660	-	878,660	-	1,3
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via Department of Justice)	Bulletproof Vest Partnership Program	16.607	482014004	4,855	-	4,855	-	1,3
Highway Planning and Construction Cluster								
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	STPUS-4969 (003)	84,463	-	84,463	-	1,3
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	STPUS-4969 (004)	81,285	-	81,285	-	1,3
Total Highway Planning and Construction Cluster:				165,748	-	165,748	-	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Washington State Office of Financial Management)	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	ARPA - 1505- 0271	908,525	-	908,525	-	1
Total Federal Awards Expended:				1,957,788	-	1,957,788	-	

The accompanying notes are an integral part of this schedule.

City of Hoquiam
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Note 1 – Basis of Accounting

This schedule is prepared on the same basis of accounting as the City's financial statements. The City uses the cash basis of accounting.

Note 2 – Federal De Minimis Indirect Cost Rate

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

Note 3 – 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's 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.

ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

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