



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

City of West Richland

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

Published September 29, 2023

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

September 29, 2023

Mayor and City Council
City of West Richland
West Richland, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the City of West Richland'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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TABLE OF CONTENTS

Schedule of Findings and Questioned Costs.....	4
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	6
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance With the Uniform Guidance	9
Independent Auditor's Report on the Financial Statements.....	13
Financial Section.....	17
About the State Auditor's Office.....	56

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

City of West Richland January 1, 2022 through December 31, 2022

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of the City of West Richland 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 its major federal program.

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 program was selected as a major program in our audit of compliance in accordance with the Uniform Guidance.

<u>ALN</u>	<u>Program or Cluster Title</u>
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 West Richland January 1, 2022 through December 31, 2022

Mayor and City Council
City of West Richland
West Richland, 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 West Richland, 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 27, 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.

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 written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

September 27, 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 West Richland January 1, 2022 through December 31, 2022

Mayor and City Council
City of West Richland
West Richland, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the compliance of the City of West Richland, 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 that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

September 27, 2023

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

City of West Richland January 1, 2022 through December 31, 2022

Mayor and City Council
City of West Richland
West Richland, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of the City of West Richland, 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 West Richland, 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 West Richland, 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 27, 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 27, 2023

FINANCIAL SECTION

City of West Richland 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 West Richland
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 Street Fund	104 Park Impact Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	34,205,674	11,847,343	720,047	1,155,936
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	10,134,720	6,510,356	81,641	-
320	Licenses and Permits	755,665	746,365	9,300	-
330	Intergovernmental Revenues	4,162,538	2,600,500	342,919	-
340	Charges for Goods and Services	11,722,349	634,028	20,721	103,770
350	Fines and Penalties	177,643	73,315	4,427	-
360	Miscellaneous Revenues	2,319,486	453,897	13,968	18,142
Total Revenues:		29,272,401	11,018,461	472,976	121,912
Expenditures					
510	General Government	1,949,862	1,946,135	-	-
520	Public Safety	4,556,697	4,152,344	-	-
530	Utilities	8,639,090	-	-	-
540	Transportation	560,273	-	542,440	-
550	Natural/Economic Environment	1,502,849	1,502,849	-	-
560	Social Services	15,056	15,056	-	-
570	Culture and Recreation	1,458,983	820,456	-	2,868
Total Expenditures:		18,682,810	8,436,840	542,440	2,868
Excess (Deficiency) Revenues over Expenditures:		10,589,591	2,581,621	(69,464)	119,044
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	498,493	-	-	-
397	Transfers-In	846,542	508,833	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	1,076,708	514,065	11,277	-
Total Other Increases in Fund Resources:		2,421,743	1,022,898	11,277	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	6,002,332	1,771,745	12,147	-
591-593, 599	Debt Service	2,206,332	13,220	297	-
597	Transfers-Out	846,542	175,309	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	933,477	365,840	-	-
Total Other Decreases in Fund Resources:		9,988,683	2,326,114	12,444	-
Increase (Decrease) in Cash and Investments:		3,022,651	1,278,405	(70,631)	119,044
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	12,813,890	207,419	-	1,233,150
50841	Committed	316,107	-	-	-
50851	Assigned	11,180,001	-	649,421	41,831
50891	Unassigned	12,918,322	12,918,322	-	-
Total Ending Cash and Investments		37,228,320	13,125,741	649,421	1,274,981

The accompanying notes are an integral part of this statement.

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

		105 Criminal Justice Fund	106 Tourism Promotion Fund	121 Library Services Fund	203 2014 Councilmanic Bond Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	605,768	12,863	277,669	-
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	1,138,254	8,231	618,202	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	37,833	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	12,501	251	4,252	-
Total Revenues:		1,188,588	8,482	622,454	-
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	364,804	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	635,659	-
Total Expenditures:		364,804	-	635,659	-
Excess (Deficiency) Revenues over Expenditures:		823,784	8,482	(13,205)	-
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	100,000	162,400
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	100,000	162,400
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	7	-	41	162,400
597	Transfers-Out	508,833	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		508,840	-	41	162,400
Increase (Decrease) in Cash and Investments:		314,944	8,482	86,754	-
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	892,281	20,872	-	-
50841	Committed	-	-	253,939	-
50851	Assigned	28,429	474	110,483	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		920,710	21,346	364,422	-

The accompanying notes are an integral part of this statement.

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

		206 Street Light Retro Fit Program Fund	207 Debt Service - Police Facility Fund	301 Cap. Imp. Fund - REET I	302 Cap. Imp. Fund - REET II - Street Overla
Beginning Cash and Investments					
308	Beginning Cash and Investments	394,326	31,914	1,778,395	2,158,578
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	506,799	637,441	633,796
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	21,202
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	5,143	2,594	31,107	37,454
Total Revenues:		5,143	509,393	668,548	692,452
Expenditures					
510	General Government	-	-	3,727	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	17,541
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	3,727	17,541
Excess (Deficiency) Revenues over Expenditures:		5,143	509,393	664,821	674,911
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	-	-	88,250	34,760
591-593, 599	Debt Service	63,350	475,863	80,357	26
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		63,350	475,863	168,607	34,786
Increase (Decrease) in Cash and Investments:		(58,207)	33,530	496,214	640,125
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	61,348	-	2,216,419	2,717,323
50841	Committed	-	62,168	-	-
50851	Assigned	274,771	3,277	58,188	81,384
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		336,119	65,445	2,274,607	2,798,707

The accompanying notes are an integral part of this statement.

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

		315 Cap. Imp. Fund - Police Facility	321 Cap. Imp. Fund - CERB Cooperative	355 Cap. Imp. Fund - Trans. Imp. Program	401 Water/Sewer Utility Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	927,674	-	889,264	11,971,083
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	158,165	234,144	590,074
340	Charges for Goods and Services	-	-	259,942	7,835,788
350	Fines and Penalties	-	-	-	73,840
360	Miscellaneous Revenues	6,980	-	313,637	1,393,195
Total Revenues:		6,980	158,165	807,723	9,892,897
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	39,549	-	-	-
530	Utilities	-	-	-	5,713,383
540	Transportation	-	-	292	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		39,549	-	292	5,713,383
Excess (Deficiency) Revenues over Expenditures:		(32,569)	158,165	807,431	4,179,514
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	426,518	-	71,975
397	Transfers-In	-	-	-	75,309
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	537,937	-	13,429
Total Other Increases in Fund Resources:		-	964,455	-	160,713
Other Decreases in Fund Resources					
594-595	Capital Expenditures	339,899	1,010,375	1,086,843	1,658,313
591-593, 599	Debt Service	-	-	100	1,410,043
597	Transfers-Out	-	-	-	138,040
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	567,637
Total Other Decreases in Fund Resources:		339,899	1,010,375	1,086,943	3,774,033
Increase (Decrease) in Cash and Investments:		(372,468)	112,245	(279,512)	566,194
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	487,387	112,244	582,876	4,282,571
50841	Committed	-	-	-	-
50851	Assigned	67,819	-	26,874	8,254,703
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		555,206	112,244	609,750	12,537,274

The accompanying notes are an integral part of this statement.

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

		402 Irrigation Utility Fund	404 Storm Water Utility Fund	405 Solid Waste Utility Fund
Beginning Cash and Investments				
308	Beginning Cash and Investments	149,461	988,908	296,445
388 / 588	Net Adjustments	-	-	-
Revenues				
310	Taxes	-	-	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	-	177,701	-
340	Charges for Goods and Services	138,956	566,654	2,162,490
350	Fines and Penalties	1,273	5,155	19,633
360	Miscellaneous Revenues	3,588	15,513	7,264
Total Revenues:		143,817	765,023	2,189,387
Expenditures				
510	General Government	-	-	-
520	Public Safety	-	-	-
530	Utilities	79,763	678,307	2,167,637
540	Transportation	-	-	-
550	Natural/Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
Total Expenditures:		79,763	678,307	2,167,637
Excess (Deficiency) Revenues over Expenditures:		64,054	86,716	21,750
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	-	-	-
591-593, 599	Debt Service	70	525	33
597	Transfers-Out	8,120	16,240	-
585	Special or Extraordinary Items	-	-	-
581, 582, 589	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		8,190	16,765	33
Increase (Decrease) in Cash and Investments:		55,864	69,951	21,717
Ending Cash and Investments				
50821	Nonspendable	-	-	-
50831	Restricted	-	-	-
50841	Committed	-	-	-
50851	Assigned	205,325	1,058,860	318,162
50891	Unassigned	-	-	-
Total Ending Cash and Investments		205,325	1,058,860	318,162

The accompanying notes are an integral part of this statement.

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

		Custodial
308	Beginning Cash and Investments	11,032
388 & 588	Net Adjustments	-
310-390	Additions	99,130
510-590	Deductions	99,666
	Net Increase (Decrease) in Cash and Investments:	(536)
508	Ending Cash and Investments	10,496

The accompanying notes are an integral part of this statement.

City of West Richland
Notes to the Financial Statements
For the year ended December 31, 2022

Note 1 – Summary of Significant Accounting Policies

The City of West Richland was incorporated on June 17, 1955, and operates under the laws of the State of Washington applicable to a code city with Mayor-Council form of government. The City is a general-purpose local government and provides public safety, community development, street improvements, parks and recreation as well as general administrative services. In addition, the City owns and operates water/sewer, irrigation, and storm water utilities. The City provides solid waste services to its citizens by contracting with a private solid waste services company. Further, the City provides library services to its citizens through a contract with the Mid-Columbia Library District.

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

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements (see Note 6 – Component Unit(s), Joint Ventures, and Related Parties).
- 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 (Fund 001):

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. The funds below are sub-funds of the General Fund 001 and have been aggregated and reported within the General Fund 001. All Interfund transfers between these funds have been eliminated.

- 002 – Cumulative Reserve Fund
- 003 – Real Estate Management and Conservation Fund
- 004 – Facilities Reserve Fund
- 005 – Performance/Maintenance Bonds and Deposits Fund
- 006 – Coronavirus Local Fiscal Recovery Fund

Special Revenue Funds (Funds in the 100 series):

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

The City has the following special revenue funds:

NAME OF FUND:	PURPOSE:	REVENUES & RESOURCES REPORTED:
Streets - 101	Street Maintenance & Operations	Motor Vehicle Fuel Taxes and City Utility Taxes
Park Impact - 104	Park Development Activities	Park Impact Fees
Criminal Justice - 105	Criminal Justice	Criminal Justice Sales Taxes and State Shared Revenues
Tourism Promotion -106	Tourism Promotion	Hotel Motel Tax
Library Services-121	Operation of City Library	Property Taxes (Voted)

Debt Service Funds (Funds in the 200 series):

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 (Funds in the 300 series):

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 (Funds in the 400 series):

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

The City has several water/sewer utility management funds, which are sub-funds of the water/sewer utility fund 401 and have been aggregated and reported within the Water/Sewer Utility Fund 401.

All interfund transfers between these funds have been eliminated. The funds, which were aggregated and reported within the 401 fund, are:

- 441 – Water System Development Fund
- 442 – Sewer System Development Fund
- 451 – Water Line Development Fund
- 452 – Sewer Line Development Fund

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

Custodial Funds (Funds in the 600 series):

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

B. Basis of Accounting and Measurement Focus

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received, and expenditures are recognized when paid. In accordance with state law, the City also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

C. Cash and Investments

See Note 3 – Deposits and Investments.

D. Capital Assets

Capital assets are long-lived assets such as land, buildings, improvements other than buildings, artwork and historic collections with an initial individual cost of more than \$4,999 and an estimated useful life in excess of one year. Capital assets and inventory are recorded as capital expenditures when purchased. There is no capitalization of capital assets, nor allocation of depreciation expense.

E. Compensated Absences

For non-bargaining employees, vacation leave may be accumulated to any amount throughout the year, but only a maximum of three hundred hours can be carried over at the end of the year and is payable upon separation or retirement. In circumstances where City operations have made it impractical for an employee to use vacation time, the Department Director, with approval of the Mayor or City Administrator, may authorize, in writing, additional carryover of vacation time. Non-bargaining employees may request a vacation leave cash-out up to a maximum of 40 hours per calendar year in the following conditions:

- Exempt employees with at least an 80-hour vacation balance.
- Non-exempt employees with at least a 200-hour vacation balance.

For non-bargaining employees, the maximum number of unused sick hours which may be carried over from one calendar year to the next is 960. Upon non-disciplinary separation or retirement, the City will cash out up to \$1,500 of the employee's accrued and unused sick leave for those employees with 15 years of service. The total amount cashed out increases to \$2,000 for employees with 20 or more years of service. Employees who take normal non-disability retirement may receive a cash-out of accrued and unused sick leave up to \$2,000.

For the West Richland Police Association bargaining unit, Paid Time Off (PTO) leave may accumulate up to 1,500 hours during the calendar year with a maximum of 1,200 hours carried over annually. Upon non-disciplinary separation of employment with adequate notice given, employees shall receive and be paid a sum equal to fifty percent of the number of accrued and unused PTO leave hours up to a maximum cash out of 600 hours.

Payments are recognized as expenditures when paid. The accompanying Schedule of Liabilities (09) provides the activity on the City's compensated absences for the fiscal year through December 31, 2022.

F. Long-Term Debt

See Note 8 – Long-term Debt (Formerly Debt Service Requirements).

G. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by Council. When expenditures that meet restrictions are incurred, the City intends to use the most restricted resources first.

Restrictions and commitments of Ending Cash and Investments consist of \$13,129,997.

AMOUNT RESTRICTED:	AMOUNT COMMITTED:	FUND:	TYPE OF RESTRICTION:	TO BE USED FOR:
207,419	-	001	External - RCW	Refundable Deposits
1,233,150	-	104	External - RCW	Park Development Activities
892,281	-	105	External - RCW	Criminal Justice Activities
20,872	-	106	External - RCW	Tourism Promotion
-	253,939	121	Internal - WR Voters	Library Services
61,348	-	206	Contractual obligation	Street Light Retro-Fit Program
-	62,168	207	Internal - WR Voters	Police Facility Debt Service
2,216,419	-	301	External - RCW	Capital Improvements
2,717,323	-	302	External - RCW	Capital Improvements

487,387	-	315	Contractual obligation	Police Facility
112,244	-	321	External - RCW	Cooperative Way Project
582,876	-	355	External - RCW	Transportation Development Activities
4,282,571	-	401	External - RCW	Water and Sewer Development Activities

Note 2 – Budget Compliance

The City adopts biennial appropriated budgets for governmental, special revenue, capital improvements and proprietary funds. These budgets are:

- 1) Are adopted on the same basis of accounting as used for financial reporting,
- 2) Are appropriated at the fund level and constitute the legal authority for expenditures at that level,
- 3) Do not include transfers between funds where funds are presented together,
- 4) Allow for budgeted amounts to be transferred between departments within any fund/object class so long as the total expenditures of the fund are not altered,
- 5) Require any revisions that alter the total expenditures of the fund or that affect the number of authorized employee positions, salary ranges, hours or other conditions of employment be approved by the City Council (See Budget Amendments for a discussion of the significant amendments which occurred through December 31, 2022),
- 6) Lapse at the fiscal year end of the biennium for which the budget was passed.

Budget Process:

- The Finance Director provides Council with information on revenue estimates in the current budget - *Continuous*.
- Request to all department heads to prepare detailed estimates of revenues and expenditures for the next fiscal biennium – *Early April of the budget year*.
- Estimates are to be filed with the Finance Director for compilation – *Late June of the budget year*.
- Estimates presented to Mayor for review and revision – *Late July of the budget year*.
- The City Council is provided with the proposed preliminary budget showing expenditures requested by each department – *September of budget year*.
- The Mayor's preliminary budget is prepared and made available to the public – *October of the budget year*.
- Public hearing occurs on revenue sources and setting property tax levy – *Early November of the budget year*.
- Final hearing on preliminary budget and adoption of final budget – *Mid November of the budget year*.

Presentation of Budgeted and Actual Expenditures:

The City has several sub-funds of the General Fund 001 and have been aggregated and reported within the General Fund 001. All interfund transactions between these funds have been eliminated. The funds which are aggregated and reported within General Fund 001 are:

- 002 – Cumulative Reserve Fund
- 003 – Real Estate Management Conservation Fund
- 004 – Facilities Reserve Fund
- 005 – Performance/Maintenance Bonds and Deposits Fund
- 006 – Coronavirus Local Fiscal Recovery Fund

The City has several water/sewer utility management funds, which are sub-funds of the Water/Sewer Utility Fund 401 and have been aggregated and reported with the Water/Sewer Utility Fund 401. All interfund transactions between these funds have been eliminated. The funds which were aggregated and reported within Fund 401 are:

- 441 – Water System Development Fund
- 442 – Sewer System Development Fund
- 451 – Water Line Development Fund
- 452 – Sewer Line Development Fund

Budget Amendments:

The following details budget amendments that occurred in 2022:

- Council appropriated an additional \$285,000 for performance and maintenance bond refunds for the General Fund.
- Council appropriated \$231,278 for a N. 62nd pavement preservation project grant and \$75,000 for a non-grant in the REET II Fund.
- In the CERB Cooperative Way Fund, Council appropriated \$1,100,000 and \$7,000 for an interfund loan with 401 with interest.
- Council appropriated \$600,000 and \$12,858 for repayment of a CERB loan with interest within the CERB Cooperative Way Fund.
- In the CERB Cooperative Way Fund, Council appropriated \$1,050,000 in project expenses.
- Council appropriated \$1,100,000 for an interfund loan to Fund 321 for the CERB Cooperative Way project from the Water/Sewer Utility Fund 401.
- Council appropriated \$965,000 for design and construction of frontage improvements to Keene Road.
- In the Street Fund, Council appropriated and additional \$3,600 for a snowplow to mount on a current truck.
- Council appropriated \$15,000 for consultant analysis on a possible implementation of mitigation.
- Council appropriated the following amounts for IT monitoring services:
 - General Fund - \$30,529
 - Street Fund - \$1,305
 - Library Fund - \$282
 - Water/Sewer Utility Fund - \$13,058

- Irrigation Utility Fund - \$64
 - Stormwater Utility Fund - \$1,062
- In the General Fund, Council appropriated an additional \$17,928 for an Engineering Tech position.
- Council appropriated an additional \$24,635,760 for the SR224/Red Mountain Transportation Improvements project in the REET I Fund.
- Council appropriated a \$3,300,000 transfer from the General Fund to the Water/Sewer Utility Fund for a Well #3 project.
- Council appropriated an additional \$200,000 for increased costs of the Belmont Frontage Improvement in the General Fund.
- In the General Fund, Council appropriated an additional \$40,000 to create five additional workstations at the Municipal Services Facility.
- In the CERB Cooperative Way Fund, Council appropriated an additional \$75,439 for increase costs of project.
- Council appropriated an additional \$27,250 for new supervisor position within the General Fund.
- In the General Fund, Council appropriated a \$48,635 transfer to Fund 355 for the Bombing Range Road/Keene Road Intersection Modification project.
- Council appropriated \$484,000 for funds to buy back Belmont Property Lot #1.
- In the Transportation Improvement Program Fund, Council appropriated an additional \$63,635 for increased project costs.
- Council trued-up appropriations for Indirect Cost Allocation (ICAP) for the following funds:
 - General Fund in the amount of \$7,135
 - Transportation Improvement Program Fund in the amount of \$21,618
 - Water System Development Fund in the amount of \$19,709
 - Sewer System Development Fund in the amount of \$8,975
- In the General Fund, Council appropriated an additional \$1,975 for voter services.
- Council appropriated an additional \$28,000 for additional staff time on the Parks Plan.
- Council appropriated an additional \$21,034 for closing costs associated with the sale of the Belmont Property Agape within the General Fund.
- In the Street Fund, Council appropriated an additional \$11,200 for costs associated with street damages.
- In the Park Impact Fund, Council appropriated an additional \$3,000 for building permits that were refunded in 2022 but issued in 2021.
- Council appropriated an additional \$9,300 for increased contract costs for the Mid-Columbia Library within the Library Fund.
- Council appropriated an additional \$76,000 in the Water/Sewer Utility Fund for additional water purchased from the City of Richland.
- In the Solid Waste Fund, Council appropriated an additional \$168,000 for increased costs for contracted garbage disposal services.
- An additional \$27,500 and \$16,350 were appropriated in the Solid Waste Fund by Council for Internal and External taxes respectively.
- In the Water System Development Fund, Council appropriated an additional \$4,790 for external taxes.
- An additional \$110,167 was appropriated in the Water System Development Fund for the Well #10

ASR Project.

- Council appropriated an additional \$14,125 for external taxes in the Sewer System Development Fund.
- An additional \$8,400 was appropriated by council in the Sewer System Development Fund.

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

FUND	Final 2021/2022 Appropriation	Actual 2021/2022 Expenditures	Variance (Under)/Over
<u>General Fund:</u>			
001 General (2)	26,873,063	20,732,353	(6,140,710)
<u>Special Revenue Funds:</u>			
101 Street	1,355,257	1,056,292	(298,965)
104 Park Impact	4,475	4,304	(171)
105 Criminal Justice	1,818,282	1,697,549	(120,733)
106 Tourism Promotion Fund	-	-	-
121 Library Services	1,225,955	1,217,439	(8,516)
<u>Capital Improvement Funds:</u>			
301 REET I (1) - Capital Improv	25,235,994	279,199	(24,956,795)
302 REET II (1) - Street Overlay	1,134,803	395,855	(738,948)
315 Police Facility	11,603,360	11,061,065	(542,295)
321 CERB Cooperative Way	2,845,297	1,010,375	(1,834,922)
355 Traffic Improvement Program	2,231,924	1,977,103	(254,821)
360 Cap Imp - Streets	43,407	43,407	(0)
<u>Proprietary Funds:</u>			
401 Water/Sewer Utility (2)	28,054,674	17,981,739	(10,072,935)
402 Irrigation Utility	253,166	176,595	(76,571)
404 Stormwater Utility	1,722,064	1,173,939	(548,125)
405 Solid Waste Utility	4,180,865	4,137,043	(43,822)
	108,582,586	62,944,257	(45,638,329)
(1) REET - Real Estate Excise Tax			
(2) Includes management funds with appropriate eliminations			

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 – Deposits and Investments

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

Type of Deposit or Investment	West Richland's Own Deposits and Investments	Deposits and Investments Held by West Richland in an Agent Capacity (1)	Total
Bank Deposits (2)	\$ 4,018,191	\$ 12,996	\$ 4,031,187
Local Government Investment Pool	\$ 26,479,780		\$ 26,479,780
U.S. Government Agencies; Securities	\$ 6,727,849		\$ 6,727,849
Total Deposits and Investments	\$ 37,225,820	\$ 12,996	\$ 37,238,816
(1) Investments held for other local governments, individuals or private organizations			
(2) Cash on hand reported within bank deposits in the amount of \$2,500			

It is the City's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds. The City has invested in instruments which are in accordance with State law and the City's investment policy.

U.S. Government Securities

A portion of the City's investments are invested in U.S. Government Agencies' securities. These are stated at original cost. For those securities which are directly purchased by a fund(s), interest earnings are credited to the fund(s). For those which were purchased using pooled cash resources, the interest is prorated back to each fund based on the previous month's ending cash balance.

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. Interest earned on investments in the LGIP are prorated back to each fund based on the previous month's ending cash balances.

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.

Custodial Credit Risk

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

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

Note 4 – Environmental and Certain Asset Retirement Liabilities

The City has a sewer lagoon that will need remediation upon asset retirement. Due to inability to estimate the retirement date, the City cannot estimate the related liability.

Note 5 – Interfund Loans

The following table displays interfund loan activity during 2022:

Borrowing Fund	Lending Fund	Balance 1/1/2022	New Loans	Repayments	Balance 12/31/2022
321 CERB	401 Water/Sewer				
Cooperative Way	Utility	\$ -	\$ 537,937	\$ -	\$ 537,937
		\$ -	\$ 537,937	\$ -	\$ 537,937

Note 6 – Joint Ventures, Component Unit(s), and Related Parties

The City participated in the following joint ventures:

Benton County Emergency Services (BCES)

BCES was formed January 1, 1997, through an interlocal agreement entered into by the Cities of Richland, Kennewick, West Richland, Benton City and Prosser as well as Benton County. A second amended and restated interlocal agreement was made and entered into by and between the following entities: Benton County, Franklin County, the Cities of Kennewick, Richland, West Richland, Prosser, Benton City, and Pasco, Benton County Fire Protection Districts and the Public Utility District #1 of Benton County. An Executive Board oversees the operations of BCES and consists of the City Managers (or designee) from the Cities of Kennewick, Pasco and Richland, City Administrators from Prosser and West Richland, a Council member from Benton City, a Benton County Commissioner, a Franklin County Commissioner and a single representative collectively representing Benton County Fire Protection Districts. The City of Richland serves as the operating jurisdiction providing all the necessary administrative support services and reporting for BCES. The total amount paid by BCES in 2022 for these services was \$47,943. No

distributions of income to the City are expected since charges are assessed only to recover anticipated expenses.

Benton County Emergency Management (BCEM)

BCEM provides disaster response planning, exercise coordination, response assistance and disaster recovery for Benton County and its political subdivisions per RCW 38.52. Four grant programs fund BCEM: Radiological Emergency Preparedness, DOE Emergency Preparedness, State Homeland Security Program and Emergency Management Program. The six (6) participating jurisdictions of the Cities of Richland, Kennewick, West Richland, Benton City and Prosser as well as Benton County participate in the grant programs through the Interlocal Agreement for Emergency Management. Financial position is allocated based on equal shares of a predetermined basic charge and a variable charge calculated using population percentages and assessed valuations. The City of West Richland's equity interest in BCEM as of December 31, 2022, was \$36,003, which is reported as an asset in the government-wide Statement of Net Assets. The change in equity is reflected under Public Safety in the government-wide Statement of Activities. Upon dissolution of the Interlocal Agreement, the net assets will be shared equitably among the participants.

Complete and separate financial statements for all operations of Benton County Emergency Services may be obtained at the City of Richland, 625 Swift Blvd, Richland, Washington.

Bi-County Police Information Network (BI-PIN)

The Bi-County Police Information Network (BI-PIN) was established November 24, 1982, when an Interlocal Agreement was entered into by eight participating municipal corporations; the cities of Kennewick, Pasco, Richland, Connell West Richland, and Prosser, and Benton and Franklin Counties. BI-PIN was established to assist the participating police and sheriff's departments in the deterrence and solution of criminal incidents. BI-PIN is served by an Executive Committee composed of the City Manager of each of the cities and a member from each of the Boards of County Commissioners of Benton and Franklin Counties. A liaison from the Bi-County Chiefs and Sheriffs is an ex officio, non-voting member.

The allocation of financial participation among the participating jurisdictions is based upon the approved budget for that year and is billed quarterly in advance to each agency. On dissolution of the Interlocal Agreement, the net position will be shared based upon participant contribution.

BI-PIN is currently in the process of implementing a new RMS/JMS system as well as upgrading all supporting infrastructure. The City of West Richland's equity interest in BI-PIN was \$83,185 on December 31, 2022, which is reported as an investment in joint ventures in the government-wide statement of net position. The change in equity is reflected in the government-wide statement of activities under Public Safety. The City does not anticipate any income distributions from BI-PIN since charges are assessed only to recover anticipated expenses.

Complete separate financial statements for BI-PIN may be obtained at the City of Kennewick, 210 W. 6th Ave., Kennewick, Washington, 99336.

Metropolitan Controlled Substance Enforcement Group Drug Forfeiture Fund

The Metropolitan Controlled Substance Enforcement Group (Metro) was established prior to 1987, when an Interlocal Agreement was entered into by six participating municipal corporations, the Cities of Kennewick, Pasco, Richland, and West Richland, and Benton and Franklin Counties. Metro was established to account for the proceeds of forfeitures, federal grants, and court ordered contributions, and to facilitate the disbursement of those proceeds for the purpose of drug enforcement and investigations. Metro is served by an Executive Committee composed of the City Manager or designee of each of the cities and a member from each of the Boards of County Commissioners of Benton and Franklin Counties. In addition, a Governing Board consisting of the Chiefs of Police from the cities and the Sheriffs from the counties administers daily activity.

Effective July 1, 2009, the City of Kennewick assumed responsibility for the operation of Metro. As the Operating Jurisdiction, Kennewick provides accounting services for the operation of Metro.

The City of West Richland's equity interest in Metro was \$57,746 on June 30, 2022. The City does not anticipate any income distribution from Metro.

Complete and separate financial statements for Metro may be obtained by writing to:

City of Kennewick
210 West Sixth Avenue
Kennewick, WA 99336

Note 7 – Leases (Lessees)

During the year ended December 31, 2022, the City adopted guidance for the presentation and disclosure of leases, as required by the BARS manual. This requirement resulted in the addition of a lease liability reported on the Schedule of Liabilities.

The City leases two copiers for the Police Department from Wells Fargo Financial for \$352 per month under a 5-year lease agreement. These two copiers replaced the previous one in 2022 to begin a new agreement. The lease for both copiers began July 27, 2022 and will end July 31, 2027. These are not intended to be purchased at the end of the lease.

The City leases three copiers and a plotter for the Municipal Services Facility and Shop from Wells Fargo Financial for \$902 per month under 5-year lease agreements. These three copiers and plotter replaced the previous three copiers and plotter in 2022 to begin a new agreement. The lease for the plotter began September 21, 2022 and will end November 30, 2027. The lease for the three copiers began December 14, 2022 and will end November 30, 2027. These are not intended to be purchased at the end of the lease.

The City leases two postage machines and a mail-stuffer for the Municipal Services Facility and the Police Station from Mail Finance Inc. for \$655 per month under 5-year lease agreements. The lease began June 30, 2020 and will end June 30, 2025. These are not intended to be purchased at the end of the lease.

The City leases a 2019 mower from John Deere Financial for \$3,536 per year under a 3-year lease agreement. The lease began February 6, 2020 and will end February 6, 2023. This mower is intended to be purchased at the end of the lease.

The City leases a 2021 mower from John Deere Financial for \$2,280 per year under 3-year lease agreement. The lease began April 22, 2021 and will end April 22, 2024. This mower is intended to be purchased at the end of the lease.

The City leases a 2021 mower from John Deere Financial for \$312 per month under 3-year lease agreement. The lease began April 11, 2022 and will end April 11, 2025. This mower is intended to be purchased at the end of the lease.

The total amount paid for leases in 2022 was \$36,650. As of December 31, 2022, the future minimum lease payments are as follows:

Year Ended December 31	Total
2023	28,939.82
2024	26,659.91
2025	19,608.62
2026	15,052.78
2027	12,389.63
Total	102,650.76

Note 8 – Long-Term Debt

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the City and summarizes the City's debt transactions for year ended December 31, 2022.

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

Year	Principal	Interest	Total
2023	1,592,532	618,144	2,210,676
2024	1,524,877	598,342	2,123,219
2025	1,203,793	574,971	1,778,764
2026	969,444	553,806	1,523,250
2027	997,532	534,372	1,531,905
2028-2032	4,956,342	2,373,614	7,329,956
2033-2037	4,402,610	1,822,917	6,225,527
2038-2042	2,950,159	1,334,957	4,285,116
2043-2047	4,010,000	702,400	4,712,400
2048-2052	990,000	39,600	1,029,600
Totals	23,597,290	9,153,123	32,750,413

General obligation, revenue loans and notes issued include:

- a. General Obligation Bonds
- b. State of Washington Public Works Trust Fund Program
- c. State of Washington LOCAL Program
- d. Washington State Public Works Board Drinking Water State Revolving Loan Fund through the Department of Health
- e. State Revolving Loan Fund through the Department of Ecology

Within the debt table above, there are two construction projects in progress:

- a) 2019 Voted General Obligation Bond – Police Facility

On April 23, 2019, in a special election, West Richland voters approved authorizing the City to issue General Obligation Bonds in the amount of \$12,465,000 for the purpose of acquiring land, constructing, and equipping a larger police facility and providing for safety and technology improvements. The bonds are payable by annual property tax levies to be made in excess of regular property tax levies and are levied as excess property taxes. The bonds were issued as 2019A Bond for \$8,950,000 as an unlimited tax general obligation bond (tax-exempt) and 2019B Bond for \$2,525,000 unlimited tax general obligation bond (taxable). The aggregate principal amount of the bonds in the amount of \$11,475,000 are combined and reported on the amortization schedule. The City received a premium on the bonds totaling \$1,115,176. As of December 31, 2022, the GO bond has a principal balance of \$11,305,000. The Police Department was able to relocate to the new facility at the beginning of January 2022. The project is expected to be completed in 2023.

- b) 2021 Public Works Trust Fund Loan – Flat Top Community Park Well & Hazard Elimination Project (Well #2)

In November 2019 the City's Well #2, originally built in 1962, became inoperable. The well produced enough potable water to serve 1,300 of the 5,300 city homes. Attempts were made to repair the well but, were unsuccessful. October 2021, City Council authorized the Mayor to execute a Public Works Trust Fund Loan contract in the amount of \$3.3 million with the Washington State Department of Commerce. Construction of the project began in 2022 and is expected to continue through 2024. The debt repayment will be paid with utility revenues. The PWTF Loan has a principal balance of \$71,975 as of December 31, 2022.

Debt Reserve and Street Light Retro Fit 2015 LOCAL Loan

In 2018, the City Council approved using unanticipated carryover in the General Fund 001 and a contribution from Benton REA to pay the remaining principal and interest on the Street Light Retro Fit LOCAL loan in Street Light Retro Fit Fund 206. There is enough reserve that has been set aside through these transfers to pay all of the principal and interest for this loan. In accordance with the LOCAL program agreement however, the earliest the loan can be paid off is 10 years. As of December 31, 2022, the loan has a principal balance of \$290,000.

Future Indebtedness:

The City anticipates seeking the remaining loan funds for the Flat Top Community Park Well & Hazard Elimination Project (Well #2).

Significant Debt Agreement Terms

The following financial instruments contain debt agreement terms with finance related consequences:

Debt:	Clause:
Limited Tax General Obligation Bond, 2014	<u>Failure to Pay Bonds:</u> If the principal of any Bond is not paid when the Bond is properly presented at its maturity or date fixed for redemption, the City shall be obligated to pay interest on the Bond at the same rate provided in the Bond from and after its maturity or date fixed for redemption until that Bond, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit in the Bond Fund, or in a trust account established to refund or defease the Bond, and the Bond has been called for payment by giving notice of that call to the Registered Owner. The Bonds are not subject to acceleration under any circumstances.
Unlimited Tax General Obligation Bonds, 2019A and 2019B	<u>Failure to Pay Bonds:</u> If the principal of any Bond is not paid when the Bond is properly presented at its maturity or date fixed for redemption, the City will be obligated to pay interest on that Bond at the same rate provided in the Bond from and after its maturity or date fixed for redemption until that Bond, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit in the Bond fund, or in a trust account established to refund or defease the Bond, and the Bond has been called for payment by giving notice of that call to the Registered Owner.
SRF Loan – Biosolids Processing Facility	Failure to repay the Loan Amount plus interest within the time specified in Ecology's notice to make such repayment shall incur Late Charges and shall be treated as a Loan Default. Late Charges: If any amount of the Final Loan Amount or any other amount owed to Ecology pursuant to this agreement remains unpaid after it becomes due and payable, Ecology may assess a late charge. The late charge shall be one percent per month on the past due amount starting on the date the debt becomes past due and until it is paid in full.

<p>Drinking Water SRF Loan – Brotherhood Reservoir</p>	<p><u>Default in Repayment:</u> Loan repayments shall be made in accordance with Section 1.12 of this Contract. A payment not received within thirty (30) days of the due date shall be declared delinquent. Delinquent payments shall be assessed a monthly penalty beginning on the first (1st) day past the due date. The penalty will be one percent (1%) per month or twelve percent (12%) per annum of the delinquent payment amount. These same penalty terms shall apply if the repayment of the loan funds determined to be ineligible costs are not repaid with thirty (30) days as provided for in Section 1.9.</p> <p>The Contractor acknowledges and agrees to the Board's right, upon delinquency in the payment of any annual installment, to notify any other entity, creditors, or potential creditors of the Contractor of such delinquency. Contractor shall be responsible for all legal fees incurred by the Board in any action undertaken to enforce its rights under this section.</p>
<p>Drinking Water SRF Loan – Well #11</p>	<p><u>Default in Repayment:</u> Loan repayments shall be made in accordance with Section 1.12 of this Contract. A payment not received within thirty (30) days of the due date shall be declared delinquent. Delinquent payments shall be assessed a monthly penalty beginning on the first (1st) day past the due date. The penalty will be one percent (1%) per month or twelve percent (12%) per annum of the delinquent payment amount. These same penalty terms shall apply if the repayment of the loan funds determined to be ineligible costs are not repaid with thirty (30) days as provided for in Section 1.9.</p> <p>The Contractor acknowledges and agrees to the Board's right, upon delinquency in the payment of any annual installment, to notify any other entity, creditors, or potential creditors of the Contractor of such delinquency. Contractor shall be responsible for all legal fees incurred by the Board in any action undertaken to enforce its rights under this section.</p>

<p>Public Works Trust Fund – Keene Road Phase 2 & 3 PW-04-691-077</p>	<p><u>Default in Repayment:</u> Loan repayments shall be made on the loan in accordance with Section 4.06 of this agreement. A payment not received within thirty (30) days of the due date shall be declared delinquent. Delinquent payments shall be assessed a daily penalty beginning on the thirty-first (31) day past the due date. The penalty will be assessed on the entire payment amount. The penalty will be twelve percent (12%) per annum calculated on a 360-day year for the delinquent amount.</p> <p>The same penalty terms shall apply to delinquent repayment of funds paid in excess of eligible costs as provided for in Section 4.03.</p> <p>The local government acknowledges and agrees to the board's right, upon delinquency in the payment of any annual installment, to notify other entity, creditors, or potential creditors of the local government of such delinquency including, without limitation, the state government and the United States of America or its agencies, credit rating agencies, and the municipal finance market.</p> <p>The local government shall pay the costs and reasonable legal fees incurred by the board in any action undertaken to enforce its rights under this section.</p>
<p>Public Works Trust Fund – Sewer Interceptor – North Treatment Plant PW-03-691-025</p>	<p><u>Default in Repayment:</u> Loan repayments shall be made on the loan in accordance with Section 4.06 of this agreement. A payment not received within thirty (30) days of the due date shall be declared delinquent. Delinquent payments shall be assessed a daily penalty beginning on the thirty-first (31) day past the due date. The penalty will be assessed on the entire payment amount. The penalty will be twelve percent (12%) per annum calculated on a 360-day year for the delinquent amount.</p> <p>The same penalty terms shall apply to delinquent repayment of funds paid in excess of eligible costs as provided for in Section 4.03.</p> <p>The local government acknowledges and agrees to the board's right, upon delinquency in the payment of any annual installment, to notify other entity, creditors, or potential creditors of the local government of such delinquency including, without limitation, the state government and the United States of America or its agencies, credit rating agencies, and the municipal finance market. The local government shall pay the costs and reasonable legal fees incurred by the board in any action undertaken to enforce its rights under this section.</p>

<p>Public Works Trust Fund – Michaels Water Right System Improvements PW-04-691-078</p>	<p><u>Default in Repayment:</u> Loan repayments shall be made on the loan in accordance with Section 4.06 of this agreement. A payment not received within thirty (30) days of the due date shall be declared delinquent. Delinquent payments shall be assessed a daily penalty beginning on the thirty-first (31) day past the due date. The penalty will be assessed on the entire payment amount. The penalty will be twelve percent (12%) per annum calculated on a 360-day year for the delinquent amount.</p> <p>The same penalty terms shall apply to delinquent repayment of funds paid in excess of eligible costs as provided for in Section 4.03.</p> <p>The local government acknowledges and agrees to the board’s right, upon delinquency in the payment of any annual installment, to notify other entity, creditors, or potential creditors of the local government of such delinquency including, without limitation, the state government and the United States of America or its agencies, credit rating agencies, and the municipal finance market. The local government shall pay the costs and reasonable legal fees incurred by the board in any action undertaken to enforce its rights under this section.</p>
<p>Public Works Trust Fund – North Wastewater Treatment Plant Expansion PW-05-691-062</p>	<p><u>Default in Repayment:</u> Loan repayments shall be made on the loan in accordance with Section 4.06 of this agreement. A payment not received within thirty (30) days of the due date shall be declared delinquent. Delinquent payments shall be assessed a daily penalty beginning on the thirty-first (31) day past the due date. The penalty will be assessed on the entire payment amount. The penalty will be twelve percent (12%) per annum calculated on a 360-day year for the delinquent amount.</p> <p>The same penalty terms shall apply to delinquent repayment of funds paid in excess of eligible costs as provided for in Section 4.03.</p> <p>The local government acknowledges and agrees to the board’s right, upon delinquency in the payment of any annual installment, to notify other entity, creditors, or potential creditors of the local government of such delinquency including, without limitation, the state government and the United States of America or its agencies, credit rating agencies, and the municipal finance market. The local government shall pay the costs and reasonable legal fees incurred by the board in any action undertaken to enforce its rights under this section.</p>

<p>Public Works Trust Fund – North WWTP Expansion Project PW-04-691-PRE-111</p>	<p><u>Default in Repayment:</u> Loan repayments shall be made to the Department of Community, Trade and Economic Development, or its successor, in accordance with Section 4.06 of this agreement. A payment not received within thirty (30) days of the due date shall be declared delinquent. Delinquent payments shall be assessed a daily penalty beginning on the thirty-first (31) day past the due date. The penalty will be assessed on the entire payment amount. The penalty will be twelve percent (12%) per annum calculated on a 360-day year for the delinquent amount.</p> <p>The local government acknowledges and agrees to the board’s right, upon delinquency in the payment of any annual installment, to notify other entity, creditors, or potential creditors of the local government of such delinquency including, without limitation, the state government and the United States of America or its agencies, credit rating agencies, and the municipal finance market.</p> <p>The same penalty terms shall apply to delinquent repayment of funds paid in excess of eligible costs as provided for in Section 4.03. The local government shall pay the costs and reasonable legal fees incurred by the board in any action undertaken to enforce its rights under this section.</p>
<p>Public Works Board Construction Loan Program – Industrial Water Treatment Facility PC12-951-055</p>	<p><u>Default in Repayment:</u> Loan repayments shall be made on the loan in accordance with Section 1.16 of this Contract. A payment not received within thirty (30) days of the due date shall be declared delinquent. Delinquent payments shall be assessed a monthly penalty beginning on the first (1st) day past the due date. The penalty will be assessed on the entire payment amount. The penalty will be one percent (1%) per month or twelve percent (12%) per annum. The same penalty terms shall apply at project completion if the repayment of loan funds in excess of eligible costs are not repaid at the time of the Project Completion</p> <p>Amendment is submitted, as provided for in Section 1.11.</p> <p>The Contractor acknowledges and agrees to the Board’s right, upon delinquency in the payment of any annual installment, to notify any other entity, creditors, or potential creditors of the Contractor of such delinquency.</p> <p>The Contractor shall be responsible for all legal fees incurred by the Board in any action undertaken to enforce its rights under this section.</p>

<p>Public Works Board Construction Loan Program – Inter-Tie Booster Pump Station PC12-951-005</p>	<p><u>Default in Repayment:</u></p> <p>Loan repayments shall be made on the loan in accordance with Section 1.16 of this Contract. A payment not received within thirty (30) days of the due date shall be declared delinquent. Delinquent payments shall be assessed a monthly penalty beginning on the first (1st) day past the due date. The penalty will be assessed on the entire payment amount. The penalty will be one percent (1%) per month or twelve percent (12%) per annum. The same penalty terms shall apply at project completion if the repayment of loan funds in excess of eligible costs are not repaid at the time of the Project Completion Amendment is submitted, as provided for in Section 1.11.</p> <p>The Contractor acknowledges and agrees to the Board's right, upon delinquency in the payment of any annual installment, to notify any other entity, creditors, or potential creditors of the Contractor of such delinquency. The Contractor shall be responsible for all legal fees incurred by the Board in any action undertaken to enforce its rights under this section.</p>
<p>Community Economic Revitalization Board – Cooperative Way Project S21-790A0-224</p>	<p><u>Termination for Cause</u></p> <p>In the event THE BOARD determines the Contractor has failed to comply with the conditions of this contract in a timely manner, THE BOARD has the right to suspend or terminate this contract. Before suspending or terminating the contract, THE BOARD shall notify the Contractor in writing of the need to take corrective action. If corrective action is not taken within 30 calendar days, the contract may be terminated or suspended.</p> <p>In the event of termination or suspension, the Contractor shall be liable for damages as authorized by law including, but not limited to, any cost difference between the original contract and the replacement or cover contract and all administrative costs directly related to the replacement contract, e.g., cost of the competitive bidding, mailing, advertising and staff time.</p>

<p>Public Works Board Construction Loan Program – Flat Top Community Park Well & Hazard Elimination PC22-96103-053</p>	<p><u>Default in Repayment:</u> Loan repayments shall be made on the loan in accordance with Section 1.18 of this Contract. A payment not received within thirty (30) days of the due date shall be declared delinquent. Delinquent payments shall be assessed a monthly penalty beginning on the first (1st) day past the due date. The penalty will be assessed on the entire payment amount. The penalty will be one percent (1%) per month or twelve percent (12%) per annum. The same penalty terms shall apply at project completion if the repayment of loan funds in excess of eligible costs are not repaid at the time of the Project Completion Amendment is submitted, as provided for in Section 1.13.</p> <p>The Contractor acknowledges and agrees to the BOARD’s right, upon delinquency in the payment of any annual installment, to notify any other entity, creditors, or potential creditors of the Contractor of such delinquency.</p> <p>The Contractor shall be responsible for all legal fees incurred by the BOARD in any action undertaken to enforce its rights under this section.</p>
<p>LOCAL – Street Light Retrofit</p>	<p>Debt agreement does not state finance related consequences for any default or termination events.</p>
<p>LOCAL – Sewer Vactor Truck</p>	<p>Debt agreement does not state finance related consequences for any default or termination events.</p>

Note 9 – Other Disclosures

Special Items

Belmont Lot 1 Land Buyback Purchase – Keenwest Holdings LLC

In 2019, the City of West Richland sold Belmont Lot #1 which is approximately 2.55 acres of vacant land located near Belmont Boulevard and Keene Road to Keenwest Holdings, LLC in the amount of \$486,529 for commercial development. Keenwest Holdings LLC was not able to complete construction of the property within 36 months outlined in the sale agreement, which gave the City the opportunity to buyback the property at Net Sales Cost of \$472,930 in September 2022. In addition to the net sales cost the City agreed to pay the cost of a topo survey and a geotechnical report that had been completed and would add value for the City in the amount of \$11,000 bringing the total buyback cost to \$483,930.

Belmont Lot 2, Short Plat No. 3742 Land Sale – Agape Collective Group 2 LLC

In September 2022, the City of West Richland sold Belmont Lot #2, short plat which is approximately 1 acre of vacant land located near Belmont Boulevard and Keene Road to Agape Collective Group, LLC in the amount of \$348,480 for commercial development.

Contingencies & Litigation

There are no known pending claims or litigation that will materially impact the City's financial stability based upon current evaluation of lawsuits by legal counsel. In the opinion of management, the City's insurance policies are adequate to pay all known or pending claims. The City's legal counsel indicates that the City's exposure does not exceed the amount of retention. The City has no known new or pending claims or lawsuits at this time.

Subsequent Events

Effective January 1, 2023 the personnel policy changed which will have an impact on future compensated absences. For non-bargaining employees, vacation leave may be accumulated to any amount throughout the year, but a maximum of four hundred hours can be carried over at the end of the year and is payable upon separation or retirement. Non-bargaining employees may request a vacation leave cash-out up as follows:

- Exempt employees with at least 3 years of service may cash-out up to 40 hours.
- Exempt employees with 6 years of service or more may cash-out up to 80 hours.
- Non-exempt employees with 5 years of service and at least a 200-hour vacation balance may cash-out up to 40 hours.
- Non-exempt employees with 10 years of service or more and at least a 240-hour vacation balance may cash-out up to 80 hours.

For non-bargaining employees, the maximum number of unused sick hours which may be carried over from one calendar year to the next is 960. Upon non-disciplinary separation or retirement, the City will cash out as follows:

- Employees with 6-10 years of service, who are taking normal non-disability retirement are eligible to cash-out up to \$4,000 of their accrued and unused sick leave, provided they retire giving at least two weeks' notice.
- Employees with 11-20 years of service, who resign giving at least two weeks' notice are eligible to cash-out up to \$8,000 of their accrued and unused sick leave.
- Employees with 21+ years of service, who resign giving at least two weeks' notice are eligible to cash-out up to \$10,000 of their accrued and unused sick leave.

Construction Commitment

The City has active construction projects as of December 31, 2022.

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

Project	Spent to date	Remaining Commitment	Funding Source(s)
Well #10	\$ 384,794	\$ 154,497	Water/Sewer Utility, Dept of Ecology Grant
Well #2 (Flat Top)	\$ 586,195	\$ 892,469	Public Works Trust Fund, Water/Sewer Utility
Well #3	\$ 61,750	\$ 1,632,322	Water/Sewer Utility
Bombing Range Rd/Keene Rd Intersection Modifications	\$ 332,335	\$ 26,635	STP-UL Grant, Washington State Department of Transportation, and Transportation Impact Fees
Belmont Business District	\$ 815,938	\$ 70,910	Cumulative Reserve Fund
2022 Crack Sealing / Street Striping Project	\$ 44,843	\$ 2,360	Real Estate Excise Tax II and Streets
Cooperative Way	\$ 920,097	\$ 105,531	Rural County Capital Funds, Community Economic Revitalization Board Funds, Water/Sewer Utility Loan
WR Police Facility	\$10,706,482	\$ 115,999	Bond Proceeds
Totals	\$13,852,435	\$ 3,000,722	

Note 10 – Other Postemployment Benefits (OPEB)

The LEOFF I Retiree Medical Plan is a closed, single employer defined benefit OPEB plan administered by the City of West Richland as required by RCW 41.26.150. 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 2 members, who are both retired. As of December 31, 2022, the City's total OPEB liability was \$135,974 as calculated using the alternative measurement method per the Office of the Washington State Actuary tool. For the year ended December 31, 2022, the City paid \$23,378 in benefits.

Note 11 – Pension Plans

A. State Sponsored Pension Plans

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

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

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information for each plan.

The DRS ACFR 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 (assets), was as follows:

	Employer Contributions	Allocation %	Liability (Asset)*
PERS 1	158,007	0.025782%	717,866
PERS 2/3	269,823	0.033586%	(1,245,631)
LEOFF 1	N/A	0.006137%	(176,047)
LEOFF 2	105,956	0.051179%	(1,390,891)

*Only the net pension liabilities are reported on Schedule 09.

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 12 – Property Tax

The City of West Richland is required to certify their budget as well as the amount of their taxes levied on November 30th for the upcoming year with the Clerk of the Board of County Commissioners.

The levy is based on the value of all taxable real property in the County at 100% of the fair market value of the property listed as of the prior May 31st as assessed by the County Assessor. The City's regular property tax levy rate on the assessed value is limited by the Washington State Constitution and State law (RCW 84.55.010 and 0101). Special levies are approved by voters and not subject to the limitations. The

City regular levy for the year 2022 was \$1.4240851261 per \$1,000 on an assessed valuation of \$1,912,835,792 for a total regular levy of \$2,724,041.

In November 2016, West Richland voters approved a levy lid lift for library operations beginning January 1, 2017, which is included in the levy amount listed above. The levy lid lift replaced a 2.5% addition of electric, telephone and gas utility taxes beginning January 1, 2017, dedicated to library services and authorizes a permanent increase in the regular property tax levy with a maximum 2017 regular property tax increase of \$0.45 per \$1,000 of assessed value. The maximum allowable levy rate in 2017 serves as the base for subsequent levy limitations as provided by Chapter 84.55 RCW. In 2022, \$0.3205 per \$1,000 of assessed value of property tax collected is recorded in a special revenue fund for library operations.

On April 23, 2019 in a special election, West Richland voters approved a property tax levy lid lift authorizing the City to issue general obligation bonds in the amount of \$12,465,000 for the purpose of acquiring land, constructing and equipping a larger Police Facility and providing for safety and technology improvements. The bonds are payable by annual property tax levies to be made in excess of regular property tax levies and are levied as excess property taxes. The excess levy for the police facility bonds began on January 1, 2020. For year 2022, the levy was \$0.2652446695 per \$1,000 of assessed value. The 2022 excess levy amount was \$505,000 which is collected in a debt service fund for repayment of the Police Facility Bond.

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Tax bills are mailed to property owners in approximately February of the current year. The first of two equal installments is due on April 30th with the final installment due on October 31st. Penalties of 3% and 8% are assessed on June 1st and December 1st respectively on the current year delinquent taxes. In addition to the penalties, unpaid balances accrue interest of 1% of the outstanding balance beginning May 1st. Collections are remitted in accordance with RCW 84.56.230.

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.

Note 13 – Risk Management

Washington Cities Insurance Authority

The City of West Richland 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.

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.

Association of Washington Cities

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

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

As of December 31, 2022, 262 cities/towns/non-city entities participate and have enrollment in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members.

In April 2020, the Board of Trustees adopted a large employer policy, requiring newly enrolling groups with 600 or more employees to submit medical claims experience data in order to receive a quote for medical coverage. Outside of this, the AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run out for all current members.

The AWC Trust HCP includes medical, dental and vision insurance through the following carriers: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, Willamette Dental Group, and Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-city entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2022, the AWC Trust HCP purchased medical stop loss insurance for Regence/Asuris and Kaiser plans at an Individual Stop Loss (ISL) of \$1.5 million through United States Fire Insurance Company. The aggregate policy is for 200% of expected medical claims.

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

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and two appointed individuals from the AWC Board of Directors, who are from Trust member cities or towns. The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW. The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

The accounting records of the AWC Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The AWC Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board ("GASB"). In 2018, the retiree medical plan subsidy was eliminated, and is noted as such in the report for the fiscal year ending December 31, 2018. Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor's office.

Self-Insurance

The City of West Richland is self-insured for unemployment compensation benefits. Claims are administered by the Employment Security Department. In 2022, the City paid no unemployment claims.

**City of West Richland
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						
251.11	Public Works Operations Facility and Area Site Improvements GO Bond (2014) - Proprietary	12/1/2034	1,610,000	-	100,000	1,510,000
251.12	Police Facility GO Bond (2019)	12/1/2048	11,370,000	-	65,000	11,305,000
263.96	Street Light Retro Fit Program - WA State Treasurer LOCAL Program (2015)	6/1/2027	340,000	-	50,000	290,000
263.87	CERB Cooperative Way GO Loan - Department of Commerce (2021)	7/31/2032	-	426,518	-	426,518
263.87	Keene Road Phases 2 and 3 - WA State Public Works Trust Fund Loan (2004)	6/1/2024	237,499	-	79,167	158,332
263.96	Sewer Vactor Truck - WA State Treasurer LOCAL Program (2015) General Government/Sewer System	6/1/2025	128,438	-	29,743	98,695
Total General Obligation Debt/Liabilities:			13,685,937	426,518	323,910	13,788,545
Revenue and Other (non G.O.) Debt/Liabilities						
263.88	Sewer Interceptor - WA State Public Works Trust Fund Loan (2002)	6/1/2022	82,953	-	82,953	-
263.88	Sewer Interceptor - WA State Public Works Trust Fund Loan (2003)	6/1/2023	189,473	-	94,737	94,736
263.88	Michaels Water Right System - WA State Public Works Trust Fund Loan (2004)	6/1/2024	747,122	-	249,041	498,081
263.88	North Wastewater Treatment Plant Improvements - WA State Public Works Trust Fund Loan (2004)	6/1/2024	82,526	-	27,509	55,017
263.88	North Wastewater Treatment Plant Improvements - WA State Public Works Trust Fund Loan (2005)	6/1/2025	911,231	-	227,808	683,423
263.88	Water Intertie Booster Pump Station Improvements - WA State Public Works Trust Fund Loan (2012)	6/1/2031	405,400	-	40,540	364,860
263.88	Industrial Process Water Treatment Facility - WA State Public Works Trust Fund Loan (2014)	6/1/2031	1,247,410	-	124,741	1,122,669
263.88	Well #2 Project - WA State Public Works Trust Fund Loan (2023)	6/1/2041	-	71,975	-	71,975
263.84	Brotherhood Reservoir Project - Drinking Water State Revolving Fund Loan Program (2015)	10/1/2037	3,056,047	-	191,003	2,865,044
263.84	Lewis and Clark Well (Well #11) Project - Drinking Water State Revolving Fund Loan Program (2015)	10/1/2037	1,898,817	-	118,676	1,780,141
263.84	Biosolids Processing Facility Project - State Revolving Fund Loan Program (2016)	6/30/2038	1,484,682	-	72,412	1,412,270

**City of West Richland
Schedule of Liabilities
For the Year Ended December 31, 2022**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
264.30	Pension Liabilities		276,145	441,720	-	717,865
264.40	OPEB Liabilities		157,422	-	21,448	135,974
259.12	Compensated Absences		501,172	48,059	-	549,231
263.57	Leases - Copiers/Plotter - Wells Fargo Financial (2017)	11/30/2022	17,038	-	17,038	-
263.57	Leases - Police Copiers/Printers - Wells Fargo Financial (2022)	7/31/2027	-	21,206	1,836	19,370
263.57	Leases - MSF & Shop Printers/Copiers & Plotter - Wells Fargo Financial (2022)	11/30/2027	-	54,208	977	53,231
263.57	Leases - Postage Machine/Mail Stuffer - Quadient Leasing USA (2020)	6/30/2025	27,522	-	7,862	19,660
263.52	Installment Purchase - 2019 John Deere Z930M Mower - Deere Financial (2020)	2/6/2023	3,536	-	3,536	-
263.52	Installment Purchase - 2021 John Deere Z930M Mower - Deere Financial (2021)	4/22/2024	4,560	-	2,280	2,280
263.52	Installment Purchase - 2021 John Deere Z930 ZTrak Mower - Deere Financial (2022)	4/11/2025	-	11,231	3,121	8,110
Total Revenue and Other (non G.O.) Debt/Liabilities:			11,093,056	648,399	1,287,518	10,453,937
Total Liabilities:			24,778,993	1,074,917	1,611,428	24,242,482

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

					Expenditures			
					From Pass-Through Awards	From Direct Awards	Total	
Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number					Note
Highway Planning and Construction Cluster	Cluster							
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	STPUL-9903(021) - LA9829		52,587	-	52,587	1,2,3
Total Highway Planning and Construction Cluster:					52,587	-	52,587	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE	COVID-19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	N/A		-	4,207,977	4,207,977	1,2,3
Total Federal Awards Expended:					52,587	4,207,977	4,260,564	

City of West Richland

**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 of West Richland financial statements. The City of West Richland uses the Other Comprehensive Basis of Accounting.

Note 2 – Federal De Minimis Indirect Cost Rate

The City of West Richland 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 of West Richland's portion, are more than shown. Such expenditures are recognized following 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.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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