



Office of the Washington State Auditor  
Pat McCarthy

# Financial Statements and Federal Single Audit Report

## City of Selah

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

*Published December 28, 2023*

Report No. 1033876



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

December 28, 2023

Mayor and City Council  
City of Selah  
Selah, Washington

**Report on Financial Statements and Federal Single Audit**

Please find attached our report on the City of Selah'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

***Americans with Disabilities***

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

### City of Selah January 1, 2022 through December 31, 2022

#### SECTION I – SUMMARY OF AUDITOR’S RESULTS

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

##### Financial Statements

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

##### Internal Control over Financial Reporting:

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

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

##### Federal Awards

##### Internal Control over Major Programs:

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

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

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

## Identification of Major Federal Programs

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

<u>ALN</u>	<u>Program or Cluster Title</u>
10.760	Water and Waste Disposal Systems for Rural Communities
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

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

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

## SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

## SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

See Finding 2022-001.

## SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

### City of Selah January 1, 2022 through December 31, 2022

#### **2022-001 The City's internal controls were inadequate for ensuring compliance with federal requirements for suspension and debarment.**

<b>Assistance Listing Number and Title:</b>	21.027, COVID-19 – Coronavirus State and Local Fiscal Recovery Funds
<b>Federal Grantor Name:</b>	U.S. Department of the Treasury
<b>Federal Award/Contract Number:</b>	N/A
<b>Pass-through Entity Name:</b>	Washington State Department of Commerce
<b>Pass-through Award/Contract Number:</b>	22-96515-009
<b>Known Questioned Cost Amount:</b>	\$0
<b>Prior Year Audit Finding:</b>	N/A

#### ***Background***

The purpose of the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) is to respond to the COVID-19 pandemic's negative effects on public health and the economy, provide premium pay to essential workers during the pandemic, provide government services to the extent COVID-19 caused a reduction in revenues collected, and make necessary investments in water, sewer or broadband infrastructure. In 2022, the City spent \$1,043,933 in program funds for the provision of government services and investments in sewer infrastructure. The City received \$111,174 of these funds directly from U.S. Department of the Treasury.

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

Federal requirements prohibit recipients from contracting with or purchasing from parties suspended or debarred from doing business with the federal government.

Whenever the City enters into contracts or purchases goods or services that it expects to equal or exceed \$25,000, paid all or in part with federal funds, it must verify the contractors have not been suspended, debarred or otherwise excluded. This also applies to all subrecipients who have received federal subawards from the City, regardless of the award amount. The City may accomplish this verification by collecting a written certification from the contractor or subrecipient, adding a clause or condition into the contract that states the contractor or subrecipient is not suspended or debarred, or checking for exclusion records in the U.S. General Services Administration's System for Award Management at SAM.gov. The City must perform this verification before entering into the contract or making the subaward, and it must maintain documentation demonstrating compliance with this federal requirement.

### *Description of Condition*

Our audit found the City's internal controls were inadequate for ensuring staff verified the suspension and debarment status of contractors for purchases exceeding \$25,000, paid all or in part with federal funds. Specifically, the City did not verify that one contractor was not suspended or debarred from participating in federal programs before paying them \$107,174 in 2022.

We consider this internal control deficiency to be a material weakness, which led to material noncompliance.

### *Cause of Condition*

The City typically uses a contracted engineering and architectural firm for project management on large construction projects. Staff are aware of the suspension and debarment requirement, and they confirm that the firm verifies each contractor's status. However, the City did not have a process to ensure that staff completed the suspension and debarment verification for smaller construction projects that it managed.

### *Effect of Condition*

Without adequate internal controls over suspension and debarment requirements, the City cannot guarantee it is paying federal funds only to eligible contractors. Additionally, the awarding agency could potentially recover any payments the City made to an ineligible contractor. We subsequently verified the contractor was not suspended and debarred, so we are not questioning costs.

### ***Recommendation***

We recommend the City strengthen internal controls to ensure all contractors it expects to pay \$25,000 or more, all or in part with federal funds, are not suspended or debarred from participating in federal programs.

### ***City's Response***

*The City will develop written procedures, including a checklist, to ensure that contractors hired to perform work on federally funded projects are evaluated at the Sam.gov website to ensure they are not suspended or debarred.*

### ***Auditor's Remarks***

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

### ***Applicable Laws and Regulations***

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

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

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

Title 2 CFR Part 180, OMB *Guidelines to Agencies on Government wide Debarment and Suspension (Nonprocurement)*, establishes nonprocurement debarment and suspension regulations implementing Executive Orders 12549 and 12689.



## INDEPENDENT AUDITOR'S REPORT

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

#### **City of Selah January 1, 2022 through December 31, 2022**

Mayor and City Council  
City of Selah  
Selah, 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 Selah, 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 December 21, 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 that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

December 21, 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 Selah**  
**January 1, 2022 through December 31, 2022**

Mayor and City Council  
City of Selah  
Selah, Washington

## REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

### Opinion on Each Major Federal Program

We have audited the compliance of the City of Selah, 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.

## Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2022-001. Our opinion on each major federal program is not modified with respect to these matters.

We also noted certain matters related to compliance that we have reported to the management of the City in a separate letter dated December 21, 2023.

## City's Response to Findings

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

## 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.

However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2022-001 that we consider to be a material weakness.

In addition, we noted certain other matters that we have reported to the management of the City in a separate letter dated December 21, 2023.

### **City's Response to Findings**

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

### **Purpose of this Report**

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

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

December 21, 2023

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### **City of Selah January 1, 2022 through December 31, 2022**

Mayor and City Council  
City of Selah  
Selah, Washington

## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

### **Unmodified and Adverse Opinions**

We have audited the financial statements of the City of Selah, 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 Selah, 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 Selah, 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 December 21, 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

December 21, 2023

## **FINANCIAL SECTION**

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

Total for All Funds		001 General Fund	103 Fire Control	110 City Street	111 Street Improvement	113 Paths & Trails	115 Local Access Street Improv.
(Memo Only)							
<b>Beginning Cash and Investments</b>							
308	Beginning Cash and Investments	17,851,695	2,953,185	347,947	103,913	3,558	283,349
388 / 588	Net Adjustments	-	-	-	-	-	-
<b>Revenues</b>							
310	Taxes	7,180,187	1,049,905	313,912	-	-	-
320	Licenses and Permits	249,935	-	-	-	-	-
330	Intergovernmental Revenues	3,303,377	7,427	148,974	794,583	649	-
340	Charges for Goods and Services	7,796,456	1,573,884	44,168	-	-	-
350	Fines and Penalties	52,048	-	-	-	-	-
360	Miscellaneous Revenues	436,795	28,250	926	20,432	5	2,096
<b>Total Revenues:</b>		<b>19,018,798</b>	<b>2,659,466</b>	<b>507,980</b>	<b>815,015</b>	<b>654</b>	<b>2,096</b>
<b>Expenditures</b>							
510	General Government	907,567	-	-	-	-	-
520	Public Safety	4,510,263	1,647,016	-	-	-	-
530	Utilities	4,633,318	-	-	-	-	-
540	Transportation	968,331	-	536,458	-	-	-
550	Natural/Economic Environment	413,120	-	-	-	-	-
560	Social Services	2,759	-	-	-	-	-
570	Culture and Recreation	891,823	-	-	-	-	-
<b>Total Expenditures:</b>		<b>12,327,181</b>	<b>1,647,016</b>	<b>536,458</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (Deficiency) Revenues over Expenditures:</b>		<b>6,691,617</b>	<b>1,012,450</b>	<b>(28,478)</b>	<b>815,015</b>	<b>654</b>	<b>2,096</b>
<b>Other Increases in Fund Resources</b>							
391-393, 596	Debt Proceeds	1,943,413	-	-	-	-	-
397	Transfers-In	1,164,103	17,100	100,244	445,300	-	80,000
385	Special or Extraordinary Items	-	-	-	-	-	-
381, 382, 389, 395, 398	Other Resources	71,598	49,556	1,210	9,344	-	-
<b>Total Other Increases in Fund Resources:</b>		<b>3,179,114</b>	<b>66,656</b>	<b>101,454</b>	<b>454,644</b>	<b>-</b>	<b>80,000</b>
<b>Other Decreases in Fund Resources</b>							
594-595	Capital Expenditures	6,878,411	1,117,397	15,650	1,253,091	-	-
591-593, 599	Debt Service	802,592	-	-	-	-	-
597	Transfers-Out	1,168,064	406,550	58,100	-	-	167,589
585	Special or Extraordinary Items	-	-	-	-	-	-
581, 582, 589	Other Uses	8,350	60	-	4,600	-	-
<b>Total Other Decreases in Fund Resources:</b>		<b>8,857,417</b>	<b>1,117,457</b>	<b>73,750</b>	<b>1,257,691</b>	<b>-</b>	<b>167,589</b>
<b>Increase (Decrease) in Cash and Investments:</b>		<b>1,013,314</b>	<b>(105,007)</b>	<b>(774)</b>	<b>11,968</b>	<b>654</b>	<b>(85,493)</b>
<b>Ending Cash and Investments</b>							
50821	Nondisposable	-	-	-	-	-	-
50831	Restricted	6,722,120	2,448,183	-	115,880	4,212	197,857
50841	Committed	1,196,483	400,000	-	-	-	-
50851	Assigned	7,562,862	-	347,174	-	-	-
50891	Unassigned	3,383,549	-	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>18,865,014</b>	<b>2,848,183</b>	<b>347,174</b>	<b>115,880</b>	<b>4,212</b>	<b>197,857</b>

The accompanying notes are an integral part of this statement.

119 Transit	171 Public Works Equipment Reserve	180 Drugs & Alcohol Community Res.	181 Crime Prevention Accum. Res.	301 Capital Improvement	308 Civic Center Capital Project	310 CE Building/Property Reserve	411 Water	415 Sewer	420 Solid Waste
665,363	556,516	4,217	3,218	732,121	29,892	1,093,128	3,734,347	2,699,335	257,868
-	-	-	-	-	-	-	-	-	-
675,214	-	-	-	149,634	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
16,930	-	-	-	-	-	-	-	994,328	-
6,056	-	-	-	-	-	-	2,280,009	2,619,751	1,093,616
-	-	180	257	-	-	-	-	-	-
5,452	2,220	32	15	6,876	296	10,770	81,335	95,283	1,500
703,652	2,220	212	272	156,510	296	10,770	2,361,344	3,709,362	1,095,116
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,377,995	2,180,581	1,074,742
431,873	-	-	-	-	-	-	1,377,995	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	6,044	5,444	-
-	88,100	-	-	-	-	-	337,911	2,050,349	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	317,398	3,772,412	-
-	-	-	-	-	-	-	290,803	126,019	-
297,711	46,014	-	-	-	17,100	-	60,000	80,000	35,000
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	46,014	-	-	-	-	-	-	-	-
297,711	44,306	212	272	156,510	17,100	-	668,201	3,978,431	35,000
(25,932)	-	-	-	-	(16,804)	10,770	653,059	(399,301)	(14,626)
639,431	600,821	4,429	3,490	888,632	-	-	-	-	-
-	-	-	-	-	-	-	-	35,502	-
-	-	-	-	-	-	-	796,483	-	-
-	-	-	-	-	13,088	1,103,899	3,590,923	2,264,536	243,242
-	-	-	-	-	-	-	-	-	-
639,431	600,821	4,429	3,490	888,632	13,088	1,103,899	4,387,406	2,300,038	243,242

The accompanying notes are an integral part of this statement.

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

	<b>Custodial</b>
308 Beginning Cash and Investments	13,524
388 & 588 Net Adjustments	-
310-390 Additions	82,535
510-590 Deductions	77,273
	<hr/>
Net Increase (Decrease) in Cash and Investments:	5,262
508 Ending Cash and Investments	18,786

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

# CITY OF SELAH

## NOTES TO FINANCIAL STATEMENTS

### 2022

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

The City of Selah was incorporated on March 17, 1919 and operates under the laws of the state of Washington applicable to a non-charter code city. The city is a general purpose government and provides Public Safety, Solid Waste Disposal, Fire Prevention, Street Maintenance & Improvement, Parks & Recreation, Municipal Court and General Administration Services.

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

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The Schedule of Liabilities is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances for proprietary 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. 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 (Current Expense)

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

##### Special Revenue Funds

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

##### Capital Projects Funds

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



## PROPRIETARY FUND TYPES:

### Enterprise Funds

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

## FIDUCIARY FUND TYPES:

### Custodial Funds

These funds are used to account for assets that the city 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 of the city and are recorded as expenditures when purchased.

#### e. Compensated Absences

Vacation leave may be accumulated up to 30 days and is payable upon separation or retirement.

Sick leave may be accumulated indefinitely. Sick leave accrued after January 1, 2000 will be accounted for such that employees may, upon retirement (which shall be defined as immediately receiving PERS or LEOFF payments), exercise an option to convert any of this unused sick leave at a rate equal to one (1) full day of the employee's monetary compensation for each four (4) full days accrued sick leave up to a maximum of 180 days converted to a maximum of 45 days pay.

Upon separation employees do not receive payment for unused sick leave.

#### f. Long-Term Debt

See Note 5, Long Term Debt

#### g. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments is reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by the City Council. Commitments are established and rescinded by Ordinance.

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:

001 General \$ 1,783,683 Restricted

The Restricted balance is for unexpended ARPA grant revenue received and Civic Center fund balance.

103 Fire Control \$ 400,000 Committed and \$ 2,448,183 Restricted

The Committed balance is a reservation set aside for future Fire fund needs.

The Restricted balance represents unexpended joint fire agreement revenues from an agreement with Yakima County Fire Protection District No. 2.

111 Street Improvement \$ 115,880 Restricted

The Restricted balance represents amounts received as deposits in lieu of bonds or contributions by private sources for future construction projects.

113 Paths & Trails \$ 4,212 Restricted

The Restricted balance is due to expenditure limitations imposed by 47.30 RCW.

115 Local Access Street Improvements \$ 197,857 Restricted

The Restricted balance represents transfers in from other operating funds for future street improvements.

119 Transit \$ 639,431 Restricted

The Restricted balance is due to expenditure limitations imposed by 82.14.045 RCW.

171 Public Works Equipment Reserve \$ 600,821 Restricted

The Restricted balance is for future acquisitions of Public Works equipment.

180 Drugs & Alcohol Community Reserve \$ 4,429 Restricted

The Restricted balance is for future drug and alcohol education, prevention, treatment and enforcement activities.

181 Crime Prevention Accumulative Reserve \$ 3,490 Restricted

The Restricted balance is for future crime prevention activities, personnel, equipment and other materials that promote crime prevention and public safety.

301 Capital Improvement \$ 888,632 Restricted

The Restricted balance is due to expenditure limitations imposed by 82.46.010 RCW.

411 Water \$ 796,483 Committed

The Committed balance is for future Water Reservoir Replacement and implementation of automated meter read technology.

415 Sewer \$ 35,502 Restricted

The Restricted balance is for US Dept. of Agriculture loan requirements.

## NOTE 2 - BUDGET COMPLIANCE

The city adopts annual appropriated budgets for all funds. These budgets are appropriated at the fund level (except the General fund, where budget is adopted at the department level). The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

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

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

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
001 General Fund:			
Legislative	\$ 56,428	\$ 57,697	\$ (1,269)
Court	159,487	160,691	(1,204)
Executive	186,754	178,839	7,915
Financial/Record Svcs.	174,306	174,607	(301)
Legal	249,357	251,301	(1,944)
Centralized Svcs	83,585	84,435	(850)
Police	2,833,030	2,663,699	169,331
Detention/Corrections	198,665	194,321	4,344
Emergency Services	4,854	5,231	(377)
Pollution Control	3,214	3,214	0
Animal Control	61,979	61,322	657
Planning	114,715	98,528	16,187
Housing & Community Dev.	225,678	214,793	10,885
Substance Abuse	2,500	2,759	(259)
Participant Recreation	219,457	180,061	39,396
Parks	557,934	528,214	29,720
Transfers	2,329,000	1,532,550	796,450
Debt Service	386,369	385,769	600
Capital Expenditures	379,411	402,463	(23,052)
Total General Fund	\$ 8,226,723	\$ 7,180,494	\$ 1,046,229
Fund	Final Appropriated Amounts	Actual Expenditures	Variance
103 Fire Control	\$ 3,041,712	\$ 2,762,357	\$ 279,355
110 City Street	653,676	610,208	43,468
111 Street Improvement	3,363,928	1,253,092	2,110,836
113 Paths & Trails	0	0	0
115 Local Access St Improv	215,174	167,589	47,585
118 Civic Center	186,896	183,545	3,351
119 Transit	799,861	729,585	70,276
121 Tourism	44,825	44,039	786
140 Contingency Reserve	0	0	0
150 Fire Equip Reserve	1,246,916	1,117,397	129,519
153 EMS Equip Reserve	0	0	0
170 CE Equipment Reserve	272,237	270,292	1,945
171 PW Equip Reserve	50,000	46,015	3,985
180 Drugs & Alcohol Com Res	0	0	0
181 Crime Prevention Res	0	0	0
301 Capital Improvement	0	0	0
303 Fire Control Bldg Reserve	2,050	2,050	0
308 Civic Center Capital Project	17,100	17,100	0
310 CE Bldg/Prop Reserve	0	0	0
411 Water	3,484,600	3,115,557	369,043
415 Sewer	7,753,621	6,578,931	1,174,690
420 Solid Waste	1,052,990	1,109,742	(56,752)
461 Water Reserve	0	0	0
465 Sewer Reserve	623,450	4,987	618,463

Budgeted amounts are authorized to be transferred between departments within any fund/object classes within departments; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the city's legislative body.

### NOTE 3 – DEPOSITS AND INVESTMENTS

The city's investments are reported at original cost.

Deposits and Investments by type at December 31, 2022 are as follows:

<u>Type of Deposit or Investment</u>	<u>Balance</u>
Bank Deposits	\$ 638,010
Local Govt. Investment Pool	5,195,216
Money Market Account	3,973,222
Certificate of Deposit	2,000,000
FNMA/FFCB/FHLMC	
FHLB/Govt Obligations	7,077,349
Total	<u>\$18,883,797</u>

#### Investments in the State Local Government Investment Pool (LGIP)

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

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

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

### NOTE 4 - INTERFUND LOANS

As of December 31, 2022 the city had no interfund loans.

### NOTE 5 – LONG TERM DEBT

The accompanying Schedule of Long Term Liabilities (09) provides a listing of the outstanding debt and liabilities of the city and summarizes the city's debt transactions for 2022. The debt service requirements for future payment requirements, including interest, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	2,020,353	67,941	2,088,294
2024	323,121	37,335	360,456
2025	325,708	31,575	357,283
2026	271,386	25,686	297,072
2027	187,077	22,513	209,590
2028 – 2032	935,383	77,609	1,012,992
2033 – 2037	623,922	21,450	645,372
2038 – 2041	<u>65,953</u>	<u>1,237</u>	<u>67,190</u>
TOTALS	\$ <u>4,752,903</u>	\$ <u>285,346</u>	\$ <u>5,038,249</u>

### NOTE 6 – OPEB PLANS

The LEOFF I Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by the city as required by RCW 41.26. The plan pays for 100% of eligible retirees' healthcare costs on a pay-as-you-go basis. As of December 31, 2022, the plan had 2 members, all retirees. As of December 31, 2022, the city's total OPEB liability was \$ 1,023,155, as calculated using the alternative measurement method. For the year ended December 31, 2022, the city paid \$ 89,855 in benefits.

## NOTE 7 - PENSION PLANS

Substantially all city full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans: Public Employee Retirement System or the Law Enforcement Officers and Firefighters Retirement System administered by the Washington State Department of Retirement Systems.

The State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems. The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

Department of Retirement Systems  
Communications Unit  
PO Box 48380  
Olympia, WA 98504-8380

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

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

At June 30, 2022 (the measurement date of the plans), the city's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	Allocation %	Liability (Asset)
PERS 1	.015126	\$ 421,163
PERS 2/3	.019783	(733,708)
LEOFF 1	.002250	(64,544)
LEOFF 2	.042105	(1,144,287)
VFFRPF	.490000	138,243

The city also participates in LEOFF Plan 1. The LEOFF 1 Plan 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.

The city also participates in the LEOFF Plan 2. The Legislature, by means of a special funding arrangement, appropriates money from the state general fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute.

## NOTE 8 - PROPERTY TAX

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

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

The city's regular levy for the year 2022 was \$2.36 per \$1,000 on an assessed valuation of \$952,822,899 for a total regular levy of \$2,244,485.

## NOTE 9 – RISK MANAGEMENT

The City 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 other than Property which is \$ 25,000 and Auto is \$ 5,000. 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 boiler and machinery coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that to \$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.

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

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>General Obligation Debt/Liabilities</b>						
251.11	12/4/2014 GO Bonds	12/1/2022	355,000	-	355,000	-
263.85	1/3/2012 SIED Loan for St Improv.	6/1/2022	22,568	-	22,568	-
263.83	2016 WA State Energy Loan	12/1/2025	204,720	-	48,129	156,591
<b>Total General Obligation Debt/Liabilities:</b>			<b>582,288</b>	<b>-</b>	<b>425,697</b>	<b>156,591</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
259.12	Compensated Absences		256,152	40,508	-	296,660
263.88	7/14/2003 PWTF Loan	6/1/2023	136,595	-	68,298	68,297
263.88	9/15/2006 2005 DWSRF Loan	10/1/2026	421,548	-	84,310	337,238
263.88	3/20/2013 DWSRF DM12-952-093	10/1/2034	915,674	-	70,436	845,238
263.88	9/24/2014 DWSRF DM13-952-130	10/1/2036	536,121	-	35,741	500,380
263.88	10/3/2016 DWSRF DM16-952-030	10/1/2036	966,158	-	64,410	901,748
263.84	11/1/21 Water Service Meter PC22-96103-046	6/1/2046	-	313,279	-	313,279
263.99	USDA Interim Loan	4/25/2023	-	1,630,134	-	1,630,134
264.30	Net Pension Liability		320,004	239,402	-	559,406
264.40	OPEB Liabilities		988,067	35,088	-	1,023,155
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>4,540,319</b>	<b>2,258,411</b>	<b>323,195</b>	<b>6,475,535</b>
<b>Total Liabilities:</b>			<b>5,122,607</b>	<b>2,258,411</b>	<b>748,892</b>	<b>6,632,126</b>

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

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Note
				From Pass- Through Awards	From Direct Awards	Total	
RURAL UTILITIES SERVICE, AGRICULTURE, DEPARTMENT OF	Water and Waste Disposal Systems for Rural Communities	10.760		-	2,111,000	2,111,000	1,2,3
<b>Highway Planning and Construction Cluster</b>							
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Dept of Transportation)	Highway Planning and Construction	20.205	STPUS- 4709(001)	70,441	-	70,441	1,2,3
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Dept of Transportation)	Highway Planning and Construction	20.205	TAP-4706(002)	318,371	-	318,371	1,2,3
<b>Total Highway Planning and Construction Cluster:</b>				<b>388,812</b>	<b>-</b>	<b>388,812</b>	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE	CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027		-	111,174	111,174	1,2,3
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via WA State Dept of Commerce)	CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	22-96515-009	932,759	-	932,759	1,2,3
<b>Total ALN 21.027:</b>				<b>932,759</b>	<b>111,174</b>	<b>1,043,933</b>	
<b>Total Federal Awards Expended:</b>				<b>1,321,571</b>	<b>2,222,174</b>	<b>3,543,745</b>	

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



**CITY OF SELAH**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

NOTE 1 - BASIS OF ACCOUNTING

This schedule is prepared on the same basis of accounting as the City's financial statements. The City uses cash basis accounting which is a departure from generally accepted accounting principles (GAAP). Revenues are recognized only when cash is received and expenditures are recognized when paid, including those properly chargeable against the report year(s) budget appropriations, as required by state law.

NOTE 2 – FEDERAL INDIRECT COST RATE

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

NOTE 3 – FEDERAL LOANS

The city was approved by the USDA Rural Utilities Service to receive a loan totaling \$ 2,111,000 to improve the sewer collection system. Interim loan financing was received for the construction period. In May of 2023 this interim loan was paid off with funds received from the USDA.

As of December 31, 2022 the city had received \$ 1,630,134 in interim financing which is shown on the Schedule of Liabilities.

NOTE 4- PROGRAM COSTS

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



**CITY OF SELAH**

115 West Naches Avenue  
Selah, Washington 98942

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## **CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED UNDER UNIFORM GUIDANCE**

**City of Selah**  
**January 1, 2022 through December 31, 2022**

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

<b>Finding ref number:</b> 2022-001	<b>Finding caption:</b> The City's internal controls were inadequate for ensuring compliance with federal requirements for suspension and debarment.
<b>Name, address, and telephone of City contact person:</b> Dale Novobielski, Clerk/Treasurer 115 West Naches Avenue Selah, WA 98942 (509) 698-7334	
<b>Corrective action the auditee plans to take in response to the finding:</b> <i>The City will develop written procedures, including a checklist, to ensure contractors hired to perform work on federally funded projects are evaluated through the Sam.gov website to ensure they are not suspended or debarred.</i>	
<b>Anticipated date to complete the corrective action:</b> <i>January 2024</i>	

## 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](http://www.sao.wa.gov). Additionally, we share regular news and other information via an email subscription service and social media channels.

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