



Office of the Washington State Auditor  
Pat McCarthy

# Financial Statements and Federal Single Audit Report

## City of Othello

For the period January 1, 2023 through December 31, 2023

*Published September 30, 2024*

Report No. 1035650



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

September 30, 2024

Mayor and City Council  
City of Othello  
Othello, Washington

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

Please find attached our report on the City of Othello'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 activities and condition.

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

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# SCHEDULE OF FINDINGS AND QUESTIONED COSTS

## City of Othello January 1, 2023 through December 31, 2023

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

The results of our audit of the City of Othello 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 Othello January 1, 2023 through December 31, 2023**

Mayor and City Council  
City of Othello  
Othello, 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 Othello, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated September 23, 2024.

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

September 23, 2024



## 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 Othello January 1, 2023 through December 31, 2023

Mayor and City Council  
City of Othello  
Othello, Washington

### REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

#### Opinion on Each Major Federal Program

We have audited the compliance of the City of Othello, 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, 2023. 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, 2023.

#### 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.



Pat McCarthy, State Auditor

Olympia, WA

September 23, 2024

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### **City of Othello January 1, 2023 through December 31, 2023**

Mayor and City Council  
City of Othello  
Othello, Washington

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

### **Unmodified and Adverse Opinions**

We have audited the financial statements of the City of Othello, as of and for the year ended December 31, 2023, 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 Othello, and its changes in cash and investments, for the year ended December 31, 2023, 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 Othello, as of December 31, 2023, 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 23, 2024 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 23, 2024

## **FINANCIAL SECTION**

### **City of Othello January 1, 2023 through December 31, 2023**

#### **FINANCIAL STATEMENTS**

Fund Resources and Uses Arising from Cash Transactions – 2023  
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2023  
Notes to the Financial Statements – 2023

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

Schedule of Liabilities – 2023  
Schedule of Expenditures of Federal Awards – 2023  
Notes to the Schedule of Expenditures of Federal Awards – 2023



**City of Othello**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2023**

		<b>Total for All Funds (Memo Only)</b>	<b>001 GENERAL FUND</b>	<b>101 STREET FUND</b>	<b>111 RESTRICTED DONATIONS</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	26,290,578	2,362,191	1,296,160	4,808
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	7,881,758	5,749,451	1,024,171	-
320	Licenses and Permits	209,933	206,713	3,220	-
330	Intergovernmental Revenues	3,318,466	2,115,025	523,661	-
340	Charges for Goods and Services	9,469,410	403,329	-	-
350	Fines and Penalties	76,776	43,686	-	-
360	Miscellaneous Revenues	1,136,439	299,103	121,047	14,091
Total Revenues:		22,092,782	8,817,307	1,672,099	14,091
<b>Expenditures</b>					
510	General Government	1,230,262	1,156,902	-	-
520	Public Safety	4,431,028	4,064,181	-	3,779
530	Utilities	6,993,987	167	-	-
540	Transportation	1,079,690	-	1,079,690	-
550	Natural/Economic Environment	493,957	427,583	-	-
560	Social Services	2,615	2,615	-	-
570	Culture and Recreation	1,121,837	1,118,487	-	3,350
Total Expenditures:		15,353,376	6,769,935	1,079,690	7,129
Excess (Deficiency) Revenues over Expenditures:		6,739,406	2,047,372	592,409	6,962
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	746,875	428,000	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	12,265	-	-	-
Total Other Increases in Fund Resources:		759,140	428,000	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	7,887,888	3,005,099	416,451	-
591-593, 599	Debt Service	1,001,791	4,500	4,500	-
597	Transfers-Out	746,875	14,670	154,205	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	79,528	396	-	-
Total Other Decreases in Fund Resources:		9,716,082	3,024,665	575,156	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(2,217,536)</b>	<b>(549,293)</b>	<b>17,253</b>	<b>6,962</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	1,222,219	-	-	11,769
50841	Committed	-	-	-	-
50851	Assigned	21,643,186	605,262	1,313,413	-
50891	Unassigned	1,207,649	1,207,649	-	-
<b>Total Ending Cash and Investments</b>		<b>24,073,054</b>	<b>1,812,911</b>	<b>1,313,413</b>	<b>11,769</b>

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

**City of Othello**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2023**

		<b>114 TOURISM FUND</b>	<b>116 PUBLIC SAFETY TAX FUND</b>	<b>119 ARPA (American Rescue Plan</b>	<b>195 TRANSPORTATI ON</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	63,424	250,050	1,912,953	418,202
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	72,423	437,416	-	481,877
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	73,086	-	-
340	Charges for Goods and Services	-	63,671	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	1,017	5,277	59,299	7,584
Total Revenues:		73,440	579,450	59,299	489,461
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	363,068	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	66,374	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		66,374	363,068	-	-
Excess (Deficiency) Revenues over Expenditures:		7,066	216,382	59,299	489,461
<b>Other Increases in Fund Resources</b>					
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:		-	-	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	194,701	1,319,058	564,252
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	151,000	277,000	150,000
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	345,701	1,596,058	714,252
<b>Increase (Decrease) in Cash and Investments:</b>		<b>7,066</b>	<b>(129,319)</b>	<b>(1,536,759)</b>	<b>(224,791)</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	70,489	120,731	376,194	193,412
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>70,489</b>	<b>120,731</b>	<b>376,194</b>	<b>193,412</b>

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

**City of Othello**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2023**

		<b>220 DEBT SERVICE - PWTF</b>	<b>225 G.O. BOND MAIN STREET PROJ.</b>	<b>310 COMPLETE STREETS PROJECT</b>	<b>335 REAL ESTATE EXCISE TAX FUND</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	-	-	402,090	324,956
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	116,420
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	-	10,568	1,467
Total Revenues:		-	-	10,568	117,887
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	-	-
Excess (Deficiency) Revenues over Expenditures:		-	-	10,568	117,887
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	29,795	274,410	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		29,795	274,410	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	181,771	235,162
591-593, 599	Debt Service	29,795	274,410	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		29,795	274,410	181,771	235,162
<b>Increase (Decrease) in Cash and Investments:</b>		-	-	<b>(171,203)</b>	<b>(117,275)</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	230,887	207,680
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		-	-	<b>230,887</b>	<b>207,680</b>

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

**City of Othello**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2023**

		<b>401 WATER UTILITY FUND</b>	<b>404 SEWER UTILITY FUND</b>	<b>406 SOLID WASTE DISPOSAL</b>
<b>Beginning Cash and Investments</b>				
308	Beginning Cash and Investments	7,562,475	11,105,697	587,572
388 / 588	Net Adjustments	-	-	-
<b>Revenues</b>				
310	Taxes	-	-	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	606,694	-	-
340	Charges for Goods and Services	4,007,608	3,140,576	1,854,226
350	Fines and Penalties	33,090	-	-
360	Miscellaneous Revenues	283,758	310,775	22,453
Total Revenues:		4,931,150	3,451,351	1,876,679
<b>Expenditures</b>				
510	General Government	50,543	22,817	-
520	Public Safety	-	-	-
530	Utilities	3,088,319	2,188,511	1,716,990
540	Transportation	-	-	-
550	Natural/Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
Total Expenditures:		3,138,862	2,211,328	1,716,990
Excess (Deficiency) Revenues over Expenditures:		1,792,288	1,240,023	159,689
<b>Other Increases in Fund Resources</b>				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	14,670	-	-
385	Special or Extraordinary Items	-	-	-
381, 382, 389, 395, 398	Other Resources	12,265	-	-
Total Other Increases in Fund Resources:		26,935	-	-
<b>Other Decreases in Fund Resources</b>				
594-595	Capital Expenditures	748,385	1,074,957	148,052
591-593, 599	Debt Service	684,086	4,500	-
597	Transfers-Out	-	-	-
585	Special or Extraordinary Items	-	-	-
581, 582, 589	Other Uses	12,392	-	66,740
Total Other Decreases in Fund Resources:		1,444,863	1,079,457	214,792
<b>Increase (Decrease) in Cash and Investments:</b>		<b>374,360</b>	<b>160,566</b>	<b>(55,103)</b>
<b>Ending Cash and Investments</b>				
50821	Nonspendable	-	-	-
50831	Restricted	11,057	-	-
50841	Committed	-	-	-
50851	Assigned	7,925,778	11,266,265	532,468
50891	Unassigned	-	-	-
<b>Total Ending Cash and Investments</b>		<b>7,936,835</b>	<b>11,266,265</b>	<b>532,468</b>

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

**City of Othello**  
**Fiduciary Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2023**

		<b>Custodial</b>
308	Beginning Cash and Investments	-
388 & 588	Net Adjustments	-
310-390	Additions	194,139
510-590	Deductions	181,950
	Net Increase (Decrease) in Cash and Investments:	12,189
508	Ending Cash and Investments	12,189

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

**City of Othello**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2023**

**Note 1 - Summary of Significant Accounting Policies**

The City of Othello was incorporated on May 23, 1910 and operates under the laws of the state of Washington applicable to a second-class code city with a mayor-council form of government. The City of Othello is a general purpose local government and provides public safety, street improvement, parks and recreation, planning & zoning, and general administrative services. In addition, the City owns and operates water and sewer systems and contracts for garbage services.

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

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances for proprietary and fiduciary funds are presented using classifications that are different from the ending net position classifications in GAAP.

**A. Fund Accounting**

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

**GOVERNMENTAL FUND TYPES:**

**General Fund**

This fund is the primary operating fund of the 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.

**Debt Service Funds**

These funds account for the financial resources that are restricted, committed, or assigned to

expenditures for principal, interest and related costs on general long-term debt.

#### Capital Projects Funds

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

#### 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. For Othello this would include the Water Utility, Sewer Utility, and Solid Waste Utility funds.

#### FIDUCIARY FUND TYPES:

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

##### Custodial Funds

These funds are used to account 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 of Othello 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 assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of 5 years. Capital assets and inventory are recorded as capital expenditures when purchased.

#### E. Compensated Absences

Vacation leave may be accumulated up to 240 hours and is payable upon separation or retirement. Sick leave may be accumulated up to 960 hours. Upon retirement employees receive payment for 25% of unused sick leave. Payments are recognized as expenditures when paid.

#### F. Long-Term Debt

See Note 4, Long-term Debt

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 the 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:

<b>Fund</b>	<b>Restricted &amp; Committed</b>	<b>Purpose:</b>
111	\$ 11,769	Donations
114	\$ 70,489	Tourism (Hotel/Motel Tax)
116	\$ 120,731	Public Safety Tax Fund
119	\$ 376,194	ARPA
195	\$ 193,412	Transportation Improvement Fund
310	\$ 230,887	Complete Streets Project
335	\$ 207,680	Real Estate Excise Tax
401	\$ 11,057	Water Fund

**Note 2 – Budget Compliance**

The City adopts annual appropriated budgets for all funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

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

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

**2023 BUDGET BY FUND**

<b>Fund/Department</b>	<b>Final Appropriated Amounts</b>	<b>Actual Expenses</b>	<b>Variance</b>
001 - GENERAL FUND	\$ 11,656,730	\$ 9,794,600	\$ 1,862,130
101 - STREET FUND	\$ 2,175,028	\$ 1,654,848	\$ 520,180
111 - RESTRICTED DONATIONS FUND	\$ 15,935	\$ 7,129	\$ 8,806
114 - TOURISM FUND	\$ 75,696	\$ 66,374	\$ 9,322
116 - PUBLIC SAFETY TAX	\$ 803,307	\$ 708,769	\$ 94,538
119 - ARPA (AMERICAN RESCUE PLAN ACT)	\$ 1,481,408	\$ 1,596,058	\$ (114,650)
195 - TRANSPORTATION IMPROVEMENT FUND	\$ 750,000	\$ 714,252	\$ 35,748
220 - DEBT SERVICE - PWTF BROADWAY	\$ 29,795	\$ 29,795	\$ -
223 - DEBT SERVICE-SR24 PWTF LOAN	\$ -	\$ -	\$ -

\*1



225 - G.O. BOND MAIN STREET PROJ.	\$ 274,357	\$ 274,410	\$ (53)	*2
231 - G.O. REFUNDING BOND 2001	\$ -	\$ -	\$ -	
305 - SIDEWALK CONSTRUCTION FUND	\$ -	\$ -	\$ -	
310 - 2010 MAIN STREET PROJECT	\$ 400,000	\$ 181,771	\$ 218,229	
335 - REAL ESTATE EXCISE TAX FUND	\$ 381,000	\$ 235,163	\$ 145,837	
401 - WATER UTILITY FUND	\$ 4,964,504	\$ 4,583,725	\$ 380,779	
404 - SEWER UTILITY FUND	\$ 8,123,629	\$ 3,290,785	\$ 4,832,844	
406 - SOLID WASTE DISPOSAL FUND	\$ 1,935,869	\$ 1,931,781	\$ 4,088	

\*1 During our 2024 budget process (in late 2023), we included the purchase of a new \$160,000 lawn mower in the 2024 budget. In late 2023, (after the 2023 budget amendment was prepared) the Council decided to move this purchase up to 2023. This was done to make sure the equipment would still be available.

\*2 This is due to higher than estimated administrative fees. All paid per agreement.

General, Street, Water, Sewer, & Solid Waste Funds have been rolled up to the same presentation as shown on the Financial Statements (Fund Resources and Uses Arising from Cash Transactions).

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 at December 31, 2023 are as follows:

Type of Deposit or Investment	Othello's own deposits and investments	Deposits and investments held by the City as a custodian for other local governments, individuals or private organizations	Total
US Bank (Checking)	\$2,288,261.45	\$ -	\$2,288,261.45
WA State LGIP	\$15,570,228.16	\$ -	\$15,570,228.16
US Bank (Safekeeping)	\$6,214,563.30	\$12,189.00	\$6,226,752.30
<b>Total</b>	<b>\$24,073,052.75</b>	<b>\$12,189.00</b>	<b>\$24,085,241.91</b>

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

#### **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).

#### 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 – 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, 2023.

The debt service requirements for general obligation bonds, revenue bonds and public works trust fund loans are as follows:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 349,566	\$ 89,930	\$ 439,496
2025	\$ 360,040	\$ 80,795	\$ 440,836
2026	\$ 365,467	\$ 71,207	\$ 436,674
2027	\$ 346,689	\$ 63,877	\$ 410,566
2028	\$ 347,077	\$ 56,497	\$ 403,574
2029-2033	\$ 1,297,409	\$ 173,465	\$ 1,470,874
2034-2038	\$ 529,422	\$ 96,417	\$ 625,839
2039-2043	\$ 252,262	\$ 62,786	\$ 315,048
2044-2048	\$ 193,663	\$ 47,787	\$ 241,450
2049-2053	\$ 208,726	\$ 32,724	\$ 241,450
2054-2058	\$ 224,926	\$ 16,524	\$ 241,450
2059-2063	\$ 95,009	\$ 1,796	\$ 96,805
<b>Total</b>	<b>\$ 4,570,256</b>	<b>\$ 793,806</b>	<b>\$ 5,364,061</b>

#### **Note 5 – Othel Disclosures**

Early lump sum payment on DWSRF Loan:

The City of Othello received an appropriation from the Washington State Department of Commerce for a Well #10 drilling and pump station project. Once this project was done, \$535,102.73 was left in this appropriation. Commerce allowed the City to receive this extra money and put it towards the DWSRF Loan for the 3.5 million gallon stand pipe project. On 2/13/23 the City received this extra money and paid it towards the DWSRF loan listed on the Schedule of Liabilities. This early debt payment is reflected on our FY2023 financial statements.

## **Note 6 – Other Postemployment Benefits**

The LEOFF I Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by the city as required by state law. The plan pays for 100% of eligible retirees' healthcare costs on a pay-as-you-go basis. As of December 31, 2023, the plan had five (5) members, all retirees. Using the calculation tool provided by the Office of the Washington State Actuary, the City recognizes \$2,785,474 as an outstanding liability for OPEB. For the year ended December 31, 2023, the city paid \$32,611.70 in benefits.

## **Note 7 - Pension Plans**

### **A. State Sponsored 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 Employees' Retirement System (PERS), Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF).

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 information for each plan.

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

#### **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.

At June 30, 2023 (the measurement date of the plans), the City's proportionate share of the collective net pension liabilities (assets), was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1 UAAL	\$ 103,265.09	0.015154%	\$ 345,925
PERS 2/3	\$ 171,670.00	0.019525%	\$ (800,268)
LEOFF 1		0.012579%	\$ (373,348)
LEOFF 2	\$ 80,754.23	0.035777%	\$ (858,146)

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

## B. Deferred Contribution Pension Plans

The City participates in the Deferred Contribution Plan provided and administered by the State of Washington Department of Retirement Systems. This is available to all qualifying employees.

For members of the City's collective bargaining units and for non-represented employees, the City shall match the employee's contribution, up to two percent (2%) of the employee's base wage into the plan.

In 2023 the City contributed \$63,117.91 in matching dollars for eligible employees.

### **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 Calendar	
1-Jan	Tax is levied and becomes an enforceable lien against the properties.
14-Feb	Tax bills are mailed
30-Apr	First of two equal installment payments are due
31-May	Assessed value of property established for next year's levy at 100 percent of market value.
31-Oct	Second installment is due

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 2023 was \$2.7784368197 per \$1,000 on an assessed valuation of \$683,837,756 for a total regular levy of \$1,900,000.

### **Note 9 – Risk Management**

The City of Othello 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 169 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 \$1,000,000, 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.

#### **Note 10 – SBITA (Lessees)**

During the year ended December 31, 2023, the City adopted guidance for the presentation and disclosure of Subscription Based Information Technology Arrangements (SBITA), as required by the BARS manual. This requirement resulted in the addition of a subscription liability reported on the Schedule of Liabilities.

The City makes subscription payments \$18,000 per year for GIS and Asset tracking software. The SBITA contract is for 3 years.

The total amount paid for SBITAs in 2023 was \$18,000. As of December 31, 2023, the future SBITA payments are as follows:

Year ended December 31	Total
2024	\$18,000
2025	\$18,000
2026	\$0
Total	\$36,000

**City of Othello**  
**Schedule of Liabilities**  
**For the Year Ended December 31, 2023**

<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	G.O. Bonds - Main Street (unrefunded)	12/1/2025	435,000	-	140,000	295,000
251.11	G.O. Bonds - Main Street (refunded)	12/1/2031	1,735,000	-	75,000	1,660,000
263.81	Drinking Water State Revolving Fund Loan	10/1/2039	1,768,050	-	607,629	1,160,421
263.87	PWTF - 2006 Broadway Reconstruction	6/1/2026	116,842	-	29,211	87,631
<b>Total General Obligation Debt/Liabilities:</b>			<b>4,054,892</b>	<b>-</b>	<b>851,840</b>	<b>3,203,052</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
259.12	Compensated Absences		450,354	30,597	-	480,951
263.82	Water Revenue Bond 2020	2/25/2061	1,394,674	-	27,471	1,367,203
264.30	Net Pension Liability		454,492	-	108,567	345,925
264.40	OPEB Liability		2,678,728	106,746	-	2,785,474
263.57	GIS & Asset tracking software	4/24/2026	54,000	-	18,000	36,000
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>5,032,248</b>	<b>137,343</b>	<b>154,038</b>	<b>5,015,553</b>
<b>Total Liabilities:</b>			<b>9,087,140</b>	<b>137,343</b>	<b>1,005,878</b>	<b>8,218,605</b>

**City of Othello**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2023**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Expenditures				Passed through to Subrecipients	Note
			Other Award Number	From Pass- Through Awards	From Direct Awards	Total		
NATIONAL PARK SERVICE, INTERIOR, DEPARTMENT OF THE (via Recreation and Conservation Office)	Outdoor Recreation Acquisition, Development and Planning	15.916	20-1363D	462,475	-	462,475	-	1, 2, 3
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via Seattle PD)	Missing Children's Assistance	16.543	15PJDP-21-GK- 03807-MECP	17,947	-	17,947	-	1, 2, 3
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Bulletproof Vest Partnership Program	16.607		-	784	784	-	1, 2, 3
COMMUNITY ORIENTED POLICING SERVICE, JUSTICE, DEPARTMENT OF	Public Safety Partnership and Community Policing Grants	16.710		-	24,477	24,477	-	1, 2, 3
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via Wa State Dept of Commerce)	Edward Byrne Memorial Justice Assistance Grant Program	16.738	F19-31440-515	12,549	-	12,549	-	1, 2, 3
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Dept of Transportation)	Highway Planning and Construction	20.205	TAP-0945(003) LA-10161	248,147	-	248,147	-	1, 2, 3

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

# City of Othello

## Expenditures

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



**City of Othello**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2023**

**Note 1 – Basis of Accounting**

This schedule is prepared on the same basis of accounting as the city's financial statements. The city uses the cash basis of accounting contained in the Budgeting, Accounting and Reporting System (BARS) manual. This basis of accounting and reporting is another comprehensive basis of accounting (OCBOA) that is prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW.

**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 – Program Costs**

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the city's portion, are more than shown. Such expenditures are recognized following 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](http://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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