



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

City of Raymond

For the period January 1, 2021 through December 31, 2023

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

December 23, 2024

Mayor and City Council
City of Raymond
Raymond, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the City of Raymond'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

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

City of Raymond January 1, 2023 through December 31, 2023

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of the City of Raymond 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 identified deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

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

Federal Awards

Internal Control over Major Programs:

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

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

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

Identification of Major Federal Programs

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

<u>ALN</u>	<u>Program or Cluster Title</u>
14.218	CDBG - Entitlement/Special Purpose Grants Cluster - Community Development Block Grants/Entitlement Grants
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

See Finding 2023-001.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

City of Raymond January 1, 2021 through December 31, 2023

2023-001 The City did not have adequate internal controls ensuring accurate reporting of its financial statements.

Background

State and federal agencies, the City Council and the public rely on information included in the financial statements and reports to make decisions. Management is responsible for designing and following internal controls that provide reasonable assurance its financial reporting is reliable and the financial statements and notes to financial statements are accurate.

The City prepares its financial statements in accordance with the cash-basis accounting method prescribed in the State Auditor's Office's *Budgeting, Accounting and Reporting System* (BARS) Manual.

Our audit found deficiencies in internal controls over accounting and financial reporting that affected the City's ability to produce reliable financial statements. *Government Auditing Standards* requires the State Auditor's Office to communicate significant deficiencies as a finding.

Description of Condition

We found the following deficiencies in internal controls that represent a significant deficiency:

- The City's process for preparing the financial statements, schedules and notes was ineffective for ensuring they were accurate, complete and amounts were correctly classified based on the general ledger and supporting documentation.
- The City's process for reconciling revenues, expenditures and ending cash and investments was ineffective for ensuring that it reconciled between the financial statements, general ledger and bank statements.
- The City did not ensure that it reported its federal grants on the Schedule of Expenditures of Federal Awards (SEFA) when it expended them.

Cause of Condition

The City experienced significant staff turnover in key positions involved in preparing annual reports. Additionally, City employees responsible for preparing the financial statements did not dedicate sufficient time to ensure amounts reported on the financial statements, notes and schedules agreed to accounting records and other support before submitting the annual report for audit.

Effect of Condition

Inaccurate financial reporting limits access to financial information that City officials, state and federal agencies, and the public use. Because of these internal control deficiencies, the City's financial statements, notes and schedules contained the following errors that management did not detect.

In the Fund Resources and Uses Arising from Cash Transactions:

- The 2022 ending cash balances did not reconcile to the bank statements with a difference of \$631,436.
- The 2023 beginning cash balances were \$298,591 less than the 2022 ending cash balances.
- The 2023 ending cash balances did not reconcile to the bank statements with a difference of \$2,802.

In the Schedules of Liabilities, the City:

- Omitted a bond from the 2023 schedule with an ending balance of \$459,400 and did not include a \$32,000 reduction for this bond in the 2022 schedule
- Overstated a loan by \$775,366, \$665,192 and 707,624 in 2023, 2022 and 2021, respectively

On the 2023 SEFA, the City underreported grant expenditures from the COVID-19 State and Local Fiscal Recovery Fund (ALN 20.027) by \$629,611. The additional federal expenditures increased the federally required coverage for audit, requiring our Office to audit a second major program.

We also identified other less significant errors in the City's financial statements, schedules and notes it provided for audit. The City corrected the errors on the Schedule of Liabilities and the SEFA.

Recommendation

We recommend City management strengthen internal controls over financial reporting. Specifically, management should:

- Ensure employees responsible for preparing financial statements, notes and schedules fully understand reporting requirements and prepare them based on underlying accounting records and current guidance
- Dedicate the necessary time and resources to fully reconcile the financial statements and general ledger to the bank statements, and resolve any differences
- Perform an effective review of the financial statements, notes and schedules to identify and correct errors before submitting them for audit

City's Response

As mayor Raymond I feel that is imperative that I respond to these findings. I was elected mayor of Raymond in January 2022. I retired from the City of South Bend at the end of May 2022. During that time, I was training a new clerk in South Bend and finishing my annual report prior to my retirement. The long-time clerk in Raymond left in April and provided the newly hired clerk with less than 30 days of transitional training. Raymond's 2021 annual report was partially completed prior to the city clerk's departure. The new clerk and I took everything that was already prepared, finished up a few areas that had not been completed and it was submitted.

Upon reviewing the deficiencies that were reported by the auditor it is obvious that the city has failed to sufficiently train the current city clerk or at best provide the resources needed for her to be successful in preparing the annual report.

I was unaware that the reconciling of revenues, expenditures and ending cash and investments were not being accurately balanced monthly.

The city's failure to accurately report federal grants not only provided an inaccurate annual report, but it also put the state auditor in a position where they had the challenge of meeting their federal audit deadlines.

Effective immediately I will begin overseeing the monthly reconciliation of the bank statements, which includes the financial statements.

The clerk will be given the resources and time to prepare the annual report accurately and within the correct guidelines set out by the State Auditor.

The annual report will be thoroughly reviewed by me, the mayor, before the annual report is submitted. Checking for any missing information, balancing errors, or misrepresentation of information.

I will also ensure that the deputy clerk is fully knowledgeable regarding financial reporting, which will further strengthen the city's internal controls.

As mayor I understand this finding and assure you that the City of Raymond takes this matter very seriously. The City of Raymond will put forth its very best effort to make sure that all matters are resolved and that the city fully complies with all of the recommendations.

Auditor's Remarks

We appreciate the steps the City is taking to resolve this issue. We will review the corrective action taken during our next audit.

Applicable Laws and Regulations

Government Auditing Standards, July 2018 Revision, paragraphs 6.40 and 6.41 establish reporting requirements related to significant deficiencies or material weaknesses in internal control, instances of fraud, and noncompliance with provisions of laws, regulations, contracts, or grant agreements.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 265, Communicating Internal Control Related Matters Identified in an Audit, paragraph 7.

The *Budgeting, Accounting and Reporting System* (BARS Manual), 3.1.3, Internal Control, requires each local government to establish and maintain an effective system of internal controls that provides reasonable assurance that the government will achieve its objectives.

RCW 43.09.200, Local government accounting – Uniform system of accounting, requires the state auditor to prescribe and install a uniform system of accounting and reporting for all local governments.

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 Raymond January 1, 2021 through December 31, 2023

Mayor and City Council
City of Raymond
Raymond, 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 Raymond, as of and for the years ended December 31, 2023, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated December 17, 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 audits 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. However, we identified certain deficiencies in internal control, described in the accompanying Schedule of Audit Findings and Responses as Finding 2023-001, that we consider to be significant deficiencies.

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*.

CITY'S RESPONSE TO FINDINGS

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying Schedule of Audit Findings and Responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

December 17, 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 Raymond
January 1, 2023 through December 31, 2023

Mayor and City Council
City of Raymond
Raymond, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the compliance of the City of Raymond, 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

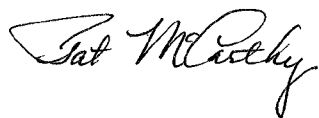
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

December 17, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

City of Raymond January 1, 2021 through December 31, 2023

Mayor and City Council
City of Raymond
Raymond, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of the City of Raymond, as of and for the years ended December 31, 2023, 2022 and 2021, 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 Raymond, and its changes in cash and investments, for the years ended December 31, 2023, 2022 and 2021, on the basis of accounting described in Note 1.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion, they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Raymond, as of December 31, 2023, 2022 and 2021, or the changes in financial position or cash flows thereof for the years 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 audits were conducted for the purpose of forming opinions 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 Schedules of Liabilities are 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 17, 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

December 17, 2024

FINANCIAL SECTION

City of Raymond January 1, 2021 through December 31, 2023

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2023
Fund Resources and Uses Arising from Cash Transactions – 2022
Fund Resources and Uses Arising from Cash Transactions – 2021
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SUPPLEMENTARY AND OTHER INFORMATION

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Schedule of Liabilities – 2022
Schedule of Liabilities – 2021
Schedule of Expenditures of Federal Awards – 2023
Notes to the Schedule of Expenditures of Federal Awards – 2023

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

		Total for All Funds (Memo Only)	001 CURRENT EXPENSE	101 CITY STREET FUND	111 CAPITAL IMPROVEMENT
Beginning Cash and Investments					
308	Beginning Cash and Investments	8,000,297	3,258,492	5,534	256,848
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	2,288,348	2,186,520	-	59,628
320	Licenses and Permits	130,642	130,642	-	-
330	Intergovernmental Revenues	4,484,064	924,344	61,227	-
340	Charges for Goods and Services	4,411,466	24,443	-	-
350	Fines and Penalties	16,146	-	-	-
360	Miscellaneous Revenues	395,961	370,735	-	6,503
Total Revenues:		11,726,627	3,636,684	61,227	66,131
Expenditures					
510	General Government	348,486	348,486	-	-
520	Public Safety	3,182,335	1,543,920	-	-
530	Utilities	3,210,207	-	-	-
540	Transportation	374,186	-	374,186	-
550	Natural/Economic Environment	81,282	74,502	-	6,780
560	Social Services	-	-	-	-
570	Culture and Recreation	515,683	515,683	-	-
Total Expenditures:		7,712,179	2,482,591	374,186	6,780
Excess (Deficiency) Revenues over Expenditures:		4,014,448	1,154,093	(312,959)	59,351
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	71,658	-	-	-
397	Transfers-In	923,938	-	923,938	-
385	Special or Extraordinary Items	15,000	-	-	-
381, 382, 389, 395, 398	Other Resources	10,525	2,800	-	-
Total Other Increases in Fund Resources:		1,021,121	2,800	923,938	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	3,273,010	743,121	616,515	-
591-593, 599	Debt Service	1,055,370	23,525	-	-
597	Transfers-Out	923,938	923,938	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	11,151	-	-	-
Total Other Decreases in Fund Resources:		5,263,469	1,690,584	616,515	-
Increase (Decrease) in Cash and Investments:		(227,900)	(533,691)	(5,536)	59,351
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	2,170,873	-	-	-
50841	Committed	236,034	-	-	-
50851	Assigned	2,640,686	-	-	316,198
50891	Unassigned	2,724,798	2,724,798	-	-
Total Ending Cash and Investments		7,772,391	2,724,798	-	316,198

The accompanying notes are an integral part of this statement.

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

		116 FIRE EQUIPMENT	201 GO FIRE TRUCK	320 SPECIAL STREET FUND	401 WATER OPERATING
Beginning Cash and Investments					
308	Beginning Cash and Investments	14,080	40,649	180,672	1,607,447
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	42,200	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	1,065,450	484,454
340	Charges for Goods and Services	-	-	-	1,556,563
350	Fines and Penalties	-	-	-	6,032
360	Miscellaneous Revenues	1,177	-	-	12,151
Total Revenues:		1,177	42,200	1,065,450	2,059,200
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	1,206,237
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	-	1,206,237
Excess (Deficiency) Revenues over Expenditures:		1,177	42,200	1,065,450	852,963
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	71,658
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	9,500
381, 382, 389, 395, 398	Other Resources	-	-	-	7,725
Total Other Increases in Fund Resources:		-	-	-	88,883
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	1,025,344	787,115
591-593, 599	Debt Service	-	38,530	-	154,357
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	11,151
Total Other Decreases in Fund Resources:		-	38,530	1,025,344	952,623
Increase (Decrease) in Cash and Investments:		1,177	3,670	40,106	(10,777)
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	44,319	-	-
50841	Committed	15,256	-	220,778	-
50851	Assigned	-	-	-	1,596,666
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		15,256	44,319	220,778	1,596,666

The accompanying notes are an integral part of this statement.

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

		403 AMBULANCE	404 SANITATION FUND	405 WASTEWATER FUND
Beginning Cash and Investments				
308	Beginning Cash and Investments	509,187	265,458	1,861,930
388 / 588	Net Adjustments	-	-	-
Revenues				
310	Taxes	-	-	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	1,574,044	-	374,545
340	Charges for Goods and Services	458,520	541,986	1,829,954
350	Fines and Penalties	-	5,048	5,066
360	Miscellaneous Revenues	945	(25)	4,475
Total Revenues:		2,033,509	547,009	2,214,040
Expenditures				
510	General Government	-	-	-
520	Public Safety	1,638,415	-	-
530	Utilities	-	489,242	1,514,728
540	Transportation	-	-	-
550	Natural/Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
Total Expenditures:		1,638,415	489,242	1,514,728
Excess (Deficiency) Revenues over Expenditures:		395,094	57,767	699,312
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	-	-	-
385	Special or Extraordinary Items	-	-	5,500
381, 382, 389, 395, 398	Other Resources	-	-	-
Total Other Increases in Fund Resources:		-	-	5,500
Other Decreases in Fund Resources				
594-595	Capital Expenditures	720	39,719	60,476
591-593, 599	Debt Service	459,246	-	379,712
597	Transfers-Out	-	-	-
585	Special or Extraordinary Items	-	-	-
581, 582, 589	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		459,966	39,719	440,188
Increase (Decrease) in Cash and Investments:		(64,872)	18,048	264,624
Ending Cash and Investments				
50821	Nonspendable	-	-	-
50831	Restricted	-	-	2,126,554
50841	Committed	-	-	-
50851	Assigned	444,316	283,506	-
50891	Unassigned	-	-	-
Total Ending Cash and Investments		444,316	283,506	2,126,554

The accompanying notes are an integral part of this statement.

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

		Total for All Funds (Memo Only)	001 CURRENT EXPENSE	101 CITY STREET FUND	111 CAPITAL IMPROVEMENT
Beginning Cash and Investments					
308	Beginning Cash and Investments	6,478,812	2,157,565	-	206,644
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	2,452,451	2,355,891	-	55,911
320	Licenses and Permits	96,723	96,723	-	-
330	Intergovernmental Revenues	3,461,463	986,058	63,939	-
340	Charges for Goods and Services	4,366,866	24,846	-	-
350	Fines and Penalties	18,867	2,771	-	-
360	Miscellaneous Revenues	741,030	728,100	-	640
Total Revenues:		11,137,400	4,194,389	63,939	56,551
Expenditures					
510	General Government	293,340	293,340	-	-
520	Public Safety	2,913,263	1,461,604	-	-
530	Utilities	3,443,882	-	-	-
540	Transportation	303,580	-	303,580	-
550	Natural/Economic Environment	53,862	47,676	-	6,186
560	Social Services	-	-	-	-
570	Culture and Recreation	398,552	398,552	-	-
Total Expenditures:		7,406,479	2,201,172	303,580	6,186
Excess (Deficiency) Revenues over Expenditures:		3,730,921	1,993,217	(239,641)	50,365
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	392,534	-	-	-
397	Transfers-In	245,174	-	245,174	-
385	Special or Extraordinary Items	17,000	-	-	-
381, 382, 389, 395, 398	Other Resources	53,203	5,878	-	-
Total Other Increases in Fund Resources:		707,911	5,878	245,174	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	1,494,342	321,571	-	-
591-593, 599	Debt Service	868,373	34,955	-	-
597	Transfers-Out	245,174	245,174	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	10,875	-	-	-
Total Other Decreases in Fund Resources:		2,618,764	601,700	-	-
Increase (Decrease) in Cash and Investments:		1,820,068	1,397,395	5,533	50,365
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	40,649	-	-	-
50841	Committed	194,752	-	-	-
50851	Assigned	4,508,521	-	5,534	257,009
50891	Unassigned	3,554,966	3,554,966	-	-
Total Ending Cash and Investments		8,298,888	3,554,966	5,534	257,009

The accompanying notes are an integral part of this statement.

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

		116 FIRE EQUIPMENT	201 GO FIRE TRUCK	320 SPECIAL STREET FUND	401 WATER OPERATING
Beginning Cash and Investments					
308	Beginning Cash and Investments	15,544	-	364,800	1,358,449
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	40,649	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	886,747	49,107
340	Charges for Goods and Services	-	-	-	1,492,817
350	Fines and Penalties	-	-	-	6,320
360	Miscellaneous Revenues	(1,464)	-	-	8,053
Total Revenues:		(1,464)	40,649	886,747	1,556,297
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	1,607,475
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	-	1,607,475
Excess (Deficiency) Revenues over Expenditures:		(1,464)	40,649	886,747	(51,178)
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	392,534
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	10,000
381, 382, 389, 395, 398	Other Resources	-	-	-	47,325
Total Other Increases in Fund Resources:		-	-	-	449,859
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	1,070,874	14,702
591-593, 599	Debt Service	-	-	-	122,152
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	10,875
Total Other Decreases in Fund Resources:		-	-	1,070,874	147,729
Increase (Decrease) in Cash and Investments:		(1,464)	40,649	(184,127)	250,952
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	40,649	-	-
50841	Committed	14,080	-	180,672	-
50851	Assigned	-	-	-	1,609,403
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		14,080	40,649	180,672	1,609,403

The accompanying notes are an integral part of this statement.

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

		403 AMBULANCE	404 SANITATION FUND	405 WASTEWATER FUND
Beginning Cash and Investments				
308	Beginning Cash and Investments	373,255	199,549	1,803,006
388 / 588	Net Adjustments	-	-	-
Revenues				
310	Taxes	-	-	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	1,091,452	2,640	381,520
340	Charges for Goods and Services	509,344	532,325	1,807,534
350	Fines and Penalties	-	5,120	4,656
360	Miscellaneous Revenues	1,553	106	4,042
Total Revenues:		1,602,349	540,191	2,197,752
Expenditures				
510	General Government	-	-	-
520	Public Safety	1,451,659	-	-
530	Utilities	-	462,516	1,373,891
540	Transportation	-	-	-
550	Natural/Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
Total Expenditures:		1,451,659	462,516	1,373,891
Excess (Deficiency) Revenues over Expenditures:		150,690	77,675	823,861
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	-	-	-
385	Special or Extraordinary Items	-	-	7,000
381, 382, 389, 395, 398	Other Resources	-	-	-
Total Other Increases in Fund Resources:		-	-	7,000
Other Decreases in Fund Resources				
594-595	Capital Expenditures	14,757	11,765	60,673
591-593, 599	Debt Service	-	-	711,266
597	Transfers-Out	-	-	-
585	Special or Extraordinary Items	-	-	-
581, 582, 589	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		14,757	11,765	771,939
Increase (Decrease) in Cash and Investments:		135,933	65,910	58,922
Ending Cash and Investments				
50821	Nonspendable	-	-	-
50831	Restricted	-	-	-
50841	Committed	-	-	-
50851	Assigned	509,187	265,458	1,861,930
50891	Unassigned	-	-	-
Total Ending Cash and Investments		509,187	265,458	1,861,930

The accompanying notes are an integral part of this statement.

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

		Total for All Funds (Memo Only)	001 CURRENT EXPENSE	101 CITY STREET FUND	111 CAPITAL IMPROVEMENT
Beginning Cash and Investments					
308	Beginning Cash and Investments	4,097,210	780,133	-	151,395
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	2,260,265	2,205,819	-	54,446
320	Licenses and Permits	97,647	97,647	-	-
330	Intergovernmental Revenues	2,738,465	865,672	76,208	-
340	Charges for Goods and Services	4,324,594	28,819	-	-
350	Fines and Penalties	84,292	80,689	-	-
360	Miscellaneous Revenues	138,614	47,323	25	803
Total Revenues:		9,643,877	3,325,969	76,233	55,249
Expenditures					
510	General Government	286,592	286,592	-	-
520	Public Safety	2,940,810	1,494,396	-	-
530	Utilities	2,770,926	-	-	-
540	Transportation	255,925	-	255,925	-
550	Natural/Economic Environment	44,309	44,309	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	322,321	322,321	-	-
Total Expenditures:		6,620,883	2,147,618	255,925	-
Excess (Deficiency) Revenues over Expenditures:		3,022,994	1,178,351	(179,692)	55,249
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	525,000	525,000	-	-
397	Transfers-In	217,925	38,233	179,692	-
385	Special or Extraordinary Items	12,500	-	-	-
381, 382, 389, 395, 398	Other Resources	34,935	828	-	-
Total Other Increases in Fund Resources:		790,360	564,061	179,692	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	146,927	107,416	-	-
591-593, 599	Debt Service	1,056,823	39,610	-	-
597	Transfers-Out	217,925	217,925	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	10,050	-	-	-
Total Other Decreases in Fund Resources:		1,431,725	364,951	-	-
Increase (Decrease) in Cash and Investments:		2,381,629	1,377,461	-	55,249
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	441,576	-	-	-
50841	Committed	463,498	425	-	131,644
50851	Assigned	4,216,598	800,000	-	75,000
50891	Unassigned	1,357,140	1,357,140	-	-
Total Ending Cash and Investments		6,478,812	2,157,565	-	206,644

The accompanying notes are an integral part of this statement.

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

		116 FIRE EQUIPMENT	320 SPECIAL STREET FUND	401 WATER OPERATING	403 AMBULANCE
Beginning Cash and Investments					
308	Beginning Cash and Investments	9,426	275,795	904,021	295,044
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	93,130	38,742	1,002,326
340	Charges for Goods and Services	-	-	1,489,793	513,806
350	Fines and Penalties	-	-	1,197	-
360	Miscellaneous Revenues	6,118	1,959	42,793	8,495
Total Revenues:		6,118	95,089	1,572,525	1,524,627
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	1,446,414
530	Utilities	-	-	954,761	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	954,761	1,446,414
Excess (Deficiency) Revenues over Expenditures:		6,118	95,089	617,764	78,213
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	8,500	-
381, 382, 389, 395, 398	Other Resources	-	-	34,107	-
Total Other Increases in Fund Resources:		-	-	42,607	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	6,085	7,839	-
591-593, 599	Debt Service	-	-	188,056	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	10,050	-
Total Other Decreases in Fund Resources:		-	6,085	205,945	-
Increase (Decrease) in Cash and Investments:		6,118	89,004	454,426	78,213
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	-
50841	Committed	15,544	315,885	-	-
50851	Assigned	-	48,915	1,358,449	373,255
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		15,544	364,800	1,358,449	373,255

The accompanying notes are an integral part of this statement.

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

		404 SANITATION FUND	405 WASTEWATER FUND
Beginning Cash and Investments			
308	Beginning Cash and Investments	224,064	1,457,332
388 / 588	Net Adjustments	-	-
Revenues			
310	Taxes	-	-
320	Licenses and Permits	-	-
330	Intergovernmental Revenues	325	662,062
340	Charges for Goods and Services	504,905	1,787,271
350	Fines and Penalties	1,203	1,203
360	Miscellaneous Revenues	5,192	25,906
Total Revenues:		511,625	2,476,442
Expenditures			
510	General Government	-	-
520	Public Safety	-	-
530	Utilities	520,538	1,295,627
540	Transportation	-	-
550	Natural/Economic Environment	-	-
560	Social Services	-	-
570	Culture and Recreation	-	-
Total Expenditures:		520,538	1,295,627
Excess (Deficiency) Revenues over Expenditures:		(8,913)	1,180,815
Other Increases in Fund Resources			
391-393, 596	Debt Proceeds	-	-
397	Transfers-In	-	-
385	Special or Extraordinary Items	-	4,000
381, 382, 389, 395, 398	Other Resources	-	-
Total Other Increases in Fund Resources:		-	4,000
Other Decreases in Fund Resources			
594-595	Capital Expenditures	15,602	9,985
591-593, 599	Debt Service	-	829,157
597	Transfers-Out	-	-
585	Special or Extraordinary Items	-	-
581, 582, 589	Other Uses	-	-
Total Other Decreases in Fund Resources:		15,602	839,142
Increase (Decrease) in Cash and Investments:		(24,515)	345,673
Ending Cash and Investments			
50821	Nonspendable	-	-
50831	Restricted	-	441,576
50841	Committed	-	-
50851	Assigned	199,549	1,361,430
50891	Unassigned	-	-
Total Ending Cash and Investments		199,549	1,803,006

The accompanying notes are an integral part of this statement.

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

		<u>Custodial</u>
308	Beginning Cash and Investments	5
388 & 588	Net Adjustments	-
310-390	Additions	655
510-590	Deductions	538
	Net Increase (Decrease) in Cash and Investments:	117
508	Ending Cash and Investments	123

The accompanying notes are an integral part of this statement.

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

		Total for All Funds (Memo Only)	Custodial
308	Beginning Cash and Investments	1,135	1,135
388 & 588	Net Adjustments	-	-
310-390	Additions	3,520	3,520
510-590	Deductions	9,584	9,584
	Net Increase (Decrease) in Cash and Investments:	(6,064)	(6,064)
508	Ending Cash and Investments	(4,929)	(4,929)

The accompanying notes are an integral part of this statement.

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

		Total for All Funds (Memo Only)	Custodial
308	Beginning Cash and Investments	1,695	1,695
388 & 588	Net Adjustments	-	-
310-390	Additions	203,351	203,351
510-590	Deductions	203,938	203,938
	Net Increase (Decrease) in Cash and Investments:	(587)	(587)
508	Ending Cash and Investments	1,135	1,135

The accompanying notes are an integral part of this statement.

CITY OF RAYMOND

NOTES TO FINANCIAL STATEMENTS JANUARY 1, 2023, THROUGH DECEMBER 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Raymond was incorporated on August 5, 1907, and operates under the laws of the State of Washington applicable to a municipal code city with a Mayor/Council form of government. The City of Raymond is a general-purpose local government and provides general administrative services, public safety, fire prevention, ambulance services, street improvement and parks and recreation. In addition, the City of Raymond owns and operates water, sewer, and garbage services.

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

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The Schedule of Liabilities is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are not presented using the classifications defined 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 inter-fund activities are not eliminated. The following fund types are used:

Governmental Fund Types:

Current Expense /General Fund

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

Special Revenue Funds

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

Debt Service Funds

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

Capital Projects Funds

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

Proprietary Fund Types:

Enterprise Funds

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

Fiduciary Fund Types:

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

Custodial Funds

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

B. Basis of Accounting and Measurement Focus

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

In accordance with state law, the City of Raymond also recognizes expenditures paid twenty days after the close of the fiscal year for claims incurred during the previous period.

C. Cash and Investments (See Note 2, *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 of more than five 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. Any accumulated sick time over 240 hours is paid out at the applicable hourly rate monthly. Sick leave may be accumulated to a total of 1,000 hours (fire department employees up to 1,500 hours). Depending on union contracts, employees having accruals above the allowed maximum will either be paid out at the applicable hourly rate monthly OR on or before December 31st of each calendar year may cash out back to the maximum. Upon retirement, employees are paid one half of their accumulated sick leave, up to 360 hours. Payments are recognized as expenditures when paid.

F. Long-Term Debt (See Note 4, *Debt Service Requirements*)

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

Fund 415 Wastewater Operating Fund has a restricted beginning and ending fund balance because various reserves are mandated in the USDA-RD bond ordinance for the Regional Sewer Construction Project. Beginning cash for 2023 was \$867,607.00; ending restricted cash (USDA) was \$317,607.00 and \$550,000.00 was assigned. For reporting purposes, I combined it with Fund 405 on Schedule 01 so this can present an accurate view to the public.

NOTE 2 – DEPOSITS AND INVESTMENTS

It is the City of Raymond's policy to invest all temporary cash surpluses. The amount is included in the net cash and investments shown on the statement of fund resources and uses arising from cash transactions. The interest on these investments, the Local Government Investment Pool (LGIP), is allocated to the Current Expense Fund as allowed by State law (RCW 35.39.034).

Investments are reported at original cost. Deposits and investments by type on December 31, 2023, are as follows:

<u>Type of Investment</u>	<u>Balance</u>
First Interstate Bank – Operating Account *includes petty cash fund	\$765,693.34
LGIP – State Investment Pool	\$4,516,618.26
Security State Bank – CDBG Fund	\$23,814.87
US BANK CHECKING – Investments	\$35,674.84
US BANK BONDS- Investments	\$2,202,673.78
Total	\$7,544,475.04

It is the city's policy to invest all temporary cash surpluses. The interest on these investments is put into current expense.

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

The City of Raymond 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.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of 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 deposits and certificates of deposit are mostly covered by the federal depository insurance 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 it is an agent in the government's name.

NOTE 3 – PROPERTY TAXES

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

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

The City of Raymond's regular levy for 2023 was \$1.854732 per \$1,000 on an assessed valuation of \$283,901,867 for a total regular levy of \$526,562.

NOTE 4 – DEBT SERVICE

The accompanying Schedule of Long-Term Debt (09) provides more details of the outstanding debt and liabilities of the City of Raymond and summarizes the city's debt transactions for the year ended December 31, 2023.

Debt service requirements for general obligation bonds, revenue bonds and other debt are as follows:

2024	\$703,365.29	\$340,594.08	\$1,043,959.37
2025	\$708,528.73	\$330,216.55	\$1,038,745.28
2026	\$718,461.69	\$317,345.07	\$1,035,806.76
2027	\$721,021.29	\$304,339.60	\$1,025,360.89
2028	\$729,543.77	\$291,312.04	\$1,020,855.81
2029-2033	\$3,217,065.24	\$1,272,601.80	\$4,489,667.04
2034-2038	\$2,645,442.15	\$989,789.68	\$3,635,231.83
2039-2043	\$2,621,167.49	\$721,024.23	\$3,342,191.72
2044-2048	\$2,845,214.51	\$434,515.49	\$6,621,921.72
2049-2052	\$2,502,894.72	\$120,889.28	\$2,623,784.00
Total	\$17,412,704.88	\$5,122,627.82	\$22,535,332.71

NOTE 5 – PENSION PLANS

Substantially all City of Raymond's full-time and qualifying part-time employees participate in the Public Employees (PERS) and Law Enforcement and Fire Fighters (LEOFF) 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. 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 downloaded from the DRS website at www.drs.wa.gov. The DRS CAFR may also be obtained by writing to:

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

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.

On June 30, 2023, (the measurement date of the plans) the City's proportionate share of the collective net pension liabilities as reported on Schedule 09 was as follows:

	Employer Contributions	Allocation %	Liability / (Asset)
PERS 1 UAAL	\$59,403	.008717%	\$198,986
PERS 2/3	\$98,967	.011256%	\$(461,348)
LEOFF 1	N/A	.004772%	\$(141,634)
LEOFF 2	\$80,388.75	.035616%	\$(854,285)
VFFRPF	\$630.00	.21%	\$(41,201.03)

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. As of December 31, 2023, there were two LEOFF I retired firefighters drawing benefits consisting of a city-paid long-term care policy, health insurance premiums, and medical costs not reimbursed by health insurance and mandated by the local LEOFF Board. (The City of Raymond pays health insurance premiums to IAFF TRUST). Total cost to the city for 2023 was \$14,980.07.

LEOFF Plan 2

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

NOTE 6 – BUDGET COMPLIANCE

The City of Raymond adopts annual appropriated budgets for governmental and proprietary 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 for 2023 were as follows:

Fund/Department	Final Appropriated	Actual	Variance
Current Expense	\$4,979,753.68	\$4,134,907.86	\$844,845.82
Street Fund	\$829,578.33	\$990,699.82	(\$161,121.49)
Capital	\$9,000.00	\$6,780.41	\$2,219.59
Fire Equip Fund	\$1,000.00	\$0	\$1,000.00
Go Fire Truck	\$43,500.00	\$38,530	\$4,970.00
Special Street Fund	\$1,250,000.00	\$1,025,344.48	\$224,655.52
Water Operating Fund	\$3,125,308.22	\$2,159,227.44	\$966,080.78
Ambulance	\$2,625,500.00	\$2,098,381.24	\$527,118.76
Sanitation Fund	\$876,550.00	\$528,961.53	\$347,588.47
Raymond Sewer Fund	\$841,378.34	\$592,938.47	\$248,439.87
Theater Fund	\$120,640.00	\$98,855.18	\$21,784.82
Regional WWTP	\$2,100,121.48	\$1,361,977.50	\$738,143.98
State Misc Fees	\$1,250.00	\$537.50	\$712.50
Grand Total:	\$16,803,580.05	\$13,037,141.43	\$3,766,738.62

Budgeted amounts are authorized to be transferred between departments within any fund and between 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 Council.

NOTE 7 – LEASES

The city of Raymond leases a USPS postal machine through Pitney Bowes for \$59.59 monthly under a 60-month lease agreement.

The City of Raymond also leases 4 copiers from Ricoh:

1. Contract #4400003732 for \$197.61 per month under a 60-month lease
2. Contract #:05214 for \$152.01 per month under a 60-month lease
3. Contract #MLA29002124: for \$167.44 per month under a 60- month lease
4. Contract #MLA29000830: for \$149.61 per month under a 60- month lease

Year ended December 31	Total
2023	\$8,715
2024	\$8,715
2025	\$8,715
2026	\$8,715
2027	\$8,715
Total	\$43,575

Note 8 – RISK MANAGEMENT

The City of Raymond is a member of the Association of Washington Cities Risk Management Service Agency (AWC RMSA). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Inter-local Cooperation Act. The AWC RMSA was formed on January 1, 1989, when 32 municipalities in the State of Washington joined by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 31, 2021, 105 municipalities/entities participate in the AWC RMSA pool.

The AWC RMSA allows members to establish a program of joint insurance and provides risk management services to all members. All coverage, apart from pollution liability, is on an occurrence basis. The AWC RMSA provides all risk property, comprehensive crime, general liability, automobile liability, police liability, public officials' liability, employee fidelity and faithful performance,

pollution liability, cyber liability, and equipment breakdown insurance coverage. Equipment breakdown is included with the property insurance carrier. Pollution and cyber liability coverages are stand-alone policies, which the AWC RMSA procures for its members. The AWC RMSA also allows members with airports to group purchase airport liability coverage and members with drones to purchase property and liability coverage.

Members pay an annual assessment to the AWC RMSA. The AWC RMSA is responsible for payment of all covered causes of loss against the jurisdiction above the stated retention. All members in the AWC RMSA have \$15 million in both per occurrence and aggregate liability limits. For the first \$1 million in liability limits, AWC RMSA is self-insured for its Self-Insured Retention (SIR) of \$250,000, per occurrence, and is reinsured by National League of Cities Mutual Insurance Company (NLC MIC) for an additional \$750,000. The \$9 million in excess liability coverage limits is provided through an excess liability policy purchased from Argonaut Insurance Company. The \$5 million in excess liability coverage limits above the first layer of excess coverage is purchased from Hallmark Specialty Insurance Company. Since AWC RMSA is a cooperative program, there is joint liability among the participating members. The reinsurance coverage is purchased through NLC MIC and excess property coverage is purchased through AIG Specialty Insurance Company, and CHUBB in 2021, AWC RMSA carried a retention of \$200,000, NLC MIC reinsures up to \$3 million, AIG Specialty Insurance Company provides excess insurance up to \$50 million, and CHUBB provides limits up to \$250 million. All commercial policies have been purchased through the Pool's Broker of Record, Aon.

Members contract to remain in the AWC RMSA pool for a minimum of one year and must give a one-year notice before terminating participation. Even after termination, a member is still responsible for contributions to the Pool for any unresolved, unreported, and in-process claims for the period they were signatory to the Interlocal Governmental Agreement.

The AWC RMSA establishes a loss fund for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses.

In accordance with WAC 200.100.02023, the AWC RMSA is governed by a board of directors, which is comprised of elected officials of participating members.

CITY OF RAYMOND

NOTES TO FINANCIAL STATEMENTS JANUARY 1, 2022, THROUGH DECEMBER 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Raymond was incorporated on August 5, 1907, and operates under the laws of the State of Washington applicable to a municipal code city with a Mayor/Council form of government. The City of Raymond is a general-purpose local government and provides general administrative services, public safety, fire prevention, ambulance services, street improvement and parks and recreation. In addition, the City of Raymond owns and operates water, sewer, and garbage services.

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

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The Schedule of Liabilities is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are not presented using the classifications defined 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 inter-fund activities are not eliminated. The following fund types are used:

Governmental Fund Types:**Current Expense /General Fund**

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

Special Revenue Funds

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

Debt Service Funds

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

Capital Projects Funds

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

Proprietary Fund Types:**Enterprise Funds**

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

Fiduciary Fund Types:

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

Custodial Funds

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

B. Basis of Accounting and Measurement Focus

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

In accordance with state law, the City of Raymond also recognizes expenditures paid twenty days after the close of the fiscal year for claims incurred during the previous period.

C. Cash and Investments (See Note 2, *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 of more than five 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. Any accumulated sick time over 240 hours is paid out at the applicable hourly rate monthly. Sick leave may be accumulated to a total of 1,000 hours (fire department employees up to 1,500 hours). Depending on union contracts, employees having accruals above the allowed maximum will either be paid out at the applicable hourly rate monthly OR on or before December 31st of each calendar year may cash out back to the maximum. Upon retirement, employees are paid one half of their accumulated sick leave, up to 360 hours. Payments are recognized as expenditures when paid.

F. Long-Term Debt (See Note 4, *Debt Service Requirements*)

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

Fund 415 Wastewater Operating Fund has a restricted beginning and ending fund balance because various reserves are mandated in the USDA-RD bond ordinance for the Regional Sewer Construction Project. Beginning cash for 2022 was \$961,151.00; ending restricted cash (USDA) was \$317,617.00 and (unable

to reconcile this amount) was assigned. For reporting purposes, I combined it with Fund 405 on Schedule 01 so this can present an accurate view to the public.

NOTE 2 – DEPOSITS AND INVESTMENTS

It is the City of Raymond’s policy to invest all temporary cash surpluses. The amount is included in the net cash and investments shown on the statement of fund resources and uses arising from cash transactions. The interest on these investments, the Local Government Investment Pool (LGIP), is allocated to the Current Expense Fund as allowed by State law (RCW 35.39.034).

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

<u>Type of Investment</u>	<u>Balance</u>
First Interstate Bank – Operating Account	\$1,661,574.55
*includes petty cash fund	
LGIP – State Investment Pool	\$3,811,561.26
Security State Bank – CDBG Fund	\$17,310.67
US BANK BONDS– Investments	\$2,128,515.76
US BANK CHECKING	<u>\$16,183.85</u>
Total	\$7,635,146.09

It is the city’s policy to invest all temporary cash surpluses. The interest on these investments is put into current expense.

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

The City of Raymond 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.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of 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 deposits and certificates of deposit are mostly covered by the federal depository insurance 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 it is an agent in the government's name.

NOTE 3 – PROPERTY TAXES

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

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

The City of Raymond's regular levy for 2022 was \$2.317055 per \$1,000 on an assessed valuation of \$217,890,724 for a total regular levy of \$504,865.

NOTE 4 – DEBT SERVICE

The accompanying Schedule of Long-Term Debt (09) provides more details of the outstanding debt and liabilities of the City of Raymond and summarizes the city's debt transactions for the year ended December 31, 2022.

Debt service requirements for general obligation bonds, revenue bonds and other debt are as follows:

YEAR	PRINCIPAL	INTEREST	TOTAL
2023	\$695,301.54	\$353,064.38	\$1,048,365.92
2024	\$703,365.29	\$340,594.08	\$1,043,959.37
2025	\$708,528.73	\$330,216.55	\$1,038,745.28
2026	\$718,461.69	\$317,345.07	\$1,035,806.76
2027	\$721,021.29	\$304,339.60	\$1,025,360.89
2028-2032	\$3,338,537.59	\$1,332,426.77	\$4,670,964.36
2033-2037	\$2,742,557.64	\$1,044,478.62	\$3,787,036.26
2038-2042	\$2,598,283.85	\$775,715.93	\$3,373,999.78
2043-2047	\$2,785,703.83	\$494,026.17	\$3,279,730.00
2048-2052	\$3,096,244.97	\$183,485.03	\$3,279,730.00
TOTALS	\$18,108,006.42	\$5,475,692.20	\$23,583,698.63

NOTE 5 – PENSION PLANS

Substantially all City of Raymond's full-time and qualifying part-time employees participate in the Public Employees (PERS) and Law Enforcement and Fire Fighters (LEOFF) Retirement Systems administrated by the Washington State Department of Retirement Systems (DRS), under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. 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 downloaded from the DRS website at www.drs.wa.gov. The DRS CAFR may also be obtained by writing to:

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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.

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

	Employer Contributions	Allocation %	Liability / (Asset)
PERS 1 UAAL	\$53,915	.008797%	\$244,941
PERS 2/3	\$91,935	.011444%	\$(424,433)
LEOFF 1	N/A	.004658%	\$(133,620)
LEOFF 2	\$76,996.24	.037191%	\$(1,010,739)
VFFRPF	\$630.00	.33%	\$(93,648.47)

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. As of December 31, 2022, there were two LEOFF I retired firefighters drawing benefits consisting of a city-paid long-term care policy, health insurance premiums, and medical costs not reimbursed by health insurance and mandated

by the local LEOFF Board. (The City of Raymond pays health insurance premiums to IAFF TRUST). Total cost to the city for 2022 was \$19,311.89.

LEOFF Plan 2

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

NOTE 6 – BUDGET COMPLIANCE

The City of Raymond adopts annual appropriated budgets for governmental and proprietary 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 for 2022 were as follows:

Fund/Department	Final Appropriated	Actual Expenditures	Variance
Current Expense	\$4,937,925.00	\$2,778,978.98	\$2,158,946.02
Street Fund	\$342,600.00	\$303,579.13	\$39,020.87
Capital Improvement	\$242,500.00	\$6,186.15	\$236,313.85
Fire Equip Fund	\$19,000.00	\$0	\$19,000.00
Special Street Fund	\$1,624,000.00	\$1,070,873.63	\$553,126.37
Water Operating Fund	\$3,717,300.00	\$1,754,906.79	\$1,962,393.21
Ambulance	\$1,895,200.00	\$1,466,319.61	\$428,808.39
Sanitation Fund	\$611,500.00	\$474,282.60	\$187,217.40
Raymond Sewer Fund	\$1,412,500.00	\$435,137.61	\$977,362.39
Theater Fund	\$90,540.00	\$89,434.55	\$1,105.45
Regional WWTP	\$3,213,500.00	\$1,710,686.47	\$1,502,813.53
GRAND TOTAL:	\$18,106,565.00	\$10,090,457.52	\$8,016,107.48

Budgeted amounts are authorized to be transferred between departments within any fund and between 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 Council.

NOTE 7 – OTHER DISCLOSURES

The City of Raymond previously disclosed loan # DL15-961-068 from Drinking Water State Revolving Fund (DWSRF) on its schedule 2021 Schedule 9 as maturing in 2023. Per the DOH Office of Drinking Water, this loan # changed to PCL21715 and matured in 2021. It is listed on 2022 schedule 9 as a zero balance.

The City of Raymond had been in an on-going lawsuit with a former firefighter since 2019 alleging discrimination against a Retired Fire Chief. The former firefighter filed suit against the City of Raymond in 2021 in Pacific County Superior Court. The suit was settled in mediation on September 12th, 2022, for \$70,000.

NOTE 8 – LEASES

The city of Raymond leases a USPS postal machine through Pitney Bowes for \$59.59 monthly under a 60-month lease agreement.

The City of Raymond also leases 4 copiers from Ricoh:

1. Contract #4400003732 for \$197.61 per month under a 60-month lease
2. Contract #:05214 for \$152.01 per month under a 60-month lease
3. Contract #MLA29002124: for \$167.44 per month under a 60- month lease
4. Contract #MLA29000830: for \$149.61 per month under a 60- month lease

Year ended December 31	Total
2022	\$8,715
2023	\$8,715
2024	\$8,715
2025	\$8,715
2026	\$8,715
Total	\$43,575.00

NOTE 9 – RISK MANAGEMENT

The City of Raymond is a member of the Association of Washington Cities Risk Management Service Agency (AWC RMSA). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Inter-local Cooperation Act. The AWC RMSA was formed on January 1, 1989, when 32 municipalities in the State of Washington joined by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 31, 2021, 105 municipalities/entities participate in the AWC RMSA pool.

The AWC RMSA allows members to establish a program of joint insurance and provides risk management services to all members. All coverage, apart from pollution liability, is on an occurrence basis. The AWC RMSA provides all risk property, comprehensive crime, general liability, automobile liability, police liability, public officials' liability, employee fidelity and faithful performance, pollution liability, cyber liability, and equipment breakdown insurance coverage. Equipment breakdown is included with the property insurance carrier. Pollution and cyber liability coverages are stand-alone policies, which the AWC RMSA procures for its members. The AWC RMSA also allows members with airports to group purchase airport liability coverage and members with drones to purchase property and liability coverage.

Members pay an annual assessment to the AWC RMSA. The AWC RMSA is responsible for payment of all covered causes of loss against the jurisdiction above the stated retention. All members in the AWC RMSA have \$15 million in both per occurrence and aggregate liability limits. For the first \$1 million in liability limits, AWC RMSA is self-insured for its Self-Insured Retention (SIR) of \$250,000, per occurrence, and is reinsured by National League of Cities Mutual Insurance Company (NLC MIC) for an additional \$750,000. The \$9 million in excess liability coverage limits is provided through an excess liability policy purchased from Argonaut Insurance Company. The \$5 million in excess liability coverage limits above the first layer of excess coverage is purchased from Hallmark Specialty Insurance Company. Since AWC RMSA is a cooperative program, there is joint liability among the participating members. The reinsurance coverage is purchased through NLC MIC and excess property coverage is purchased through AIG Specialty Insurance Company, and CHUBB in 2021, AWC RMSA carried a retention of \$200,000, NLC MIC reinsures up to \$3 million, AIG Specialty Insurance Company provides excess insurance up to \$50 million, and CHUBB provides limits up to \$250 million. All commercial policies have been purchased through the Pool's Broker of Record, Aon.

Members contract to remain in the AWC RMSA pool for a minimum of one year and must give a one-year notice before terminating participation. Even after termination, a member is still responsible for contributions to the Pool for any unresolved, unreported, and in-process claims for the period they were signatory to the Interlocal Governmental Agreement.

The AWC RMSA establishes a loss fund for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses.

In accordance with WAC 200.100.02023, the AWC RMSA is governed by a board of directors, which is comprised of elected officials of participating members.

CITY OF RAYMOND

NOTES TO FINANCIAL STATEMENTS JANUARY 1, 2021, THROUGH DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Raymond was incorporated on August 5, 1907, and operates under the laws of the State of Washington applicable to a municipal code city with a Mayor/Council form of government. The City of Raymond is a general-purpose local government and provides general administrative services, public safety, fire prevention, ambulance services, street improvement and parks and recreation. In addition, the City of Raymond owns and operates water, sewer, and garbage services.

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

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The Schedule of Liabilities is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are not presented using the classifications defined 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 inter-fund activities are not eliminated. The following fund types are used:

Governmental Fund Types:**Current Expense /General Fund**

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

Special Revenue Funds

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

Debt Service Funds

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

Capital Projects Funds

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

Proprietary Fund Types:**Enterprise Funds**

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

Fiduciary Fund Types:

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

Custodial Funds

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

B. Basis of Accounting and Measurement Focus

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

In accordance with state law, the City of Raymond 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 2, *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 more than five 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 to a total of 1,000 hours (fire department employees up to 1,500 hours). Depending on union contracts, employees having accruals above the allowed maximum on or before December 31st of each calendar year may cash out back to the maximum. Upon retirement, employees are paid for one half of their accumulated sick leave up to 360 hours. Payments are recognized as expenditures when paid.

F. Long-Term Debt (See Note 4, *Debt Service Requirements*)

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

Restrictions and commitments of Ending Cash and Investments consist of:

Fund 111 Capital Improvement Fund beginning and ending balances are considered restricted because the main source of revenue is Real Estate Excise Tax and Hotel/Motel Tax. Expenditures of this tax are restricted by state law. Appropriations for this Fund are accomplished on a project-by-project basis by Council motion. Beginning cash for 2021 was \$151,394.84; ending cash was \$206,644.13.

Fund 116 Fire Equipment Fund beginning and ending balances are considered committed because the source of revenue consists of donations from individuals specified to be used by the Fire Chief at his discretion for Fire Department equipment. Beginning cash for 2021 was \$9,425.84; ending cash was \$15,543.84.

Fund 320 Special Street Construction Fund beginning and ending balances are considered committed because the revenue received is to be used for street improvement purposes pursuant to an inter-local agreement between the City and Pacific County. Projects are approved on a case-by-case basis throughout the year by Council motion. Beginning cash for 2021 was \$275,795.18; ending cash was \$364,799.33.

Fund 415 Wastewater Operating Fund has a restricted beginning and ending fund balance because various reserves are mandated in the USDA-RD bond ordinance for the Regional Sewer Construction Project. Beginning cash for 2021 was \$850,276.68; ending restricted cash (USDA) was \$441,576.00 and \$519,575 was assigned. For reporting purposes, I combined it with Fund 405 on Schedule 01 so this can present an accurate view to the public.

NOTE 2 – DEPOSITS AND INVESTMENTS

It is the City of Raymond's policy to invest all temporary cash surpluses. The amount is included in the net cash and investments shows on the statement of fund resources and uses arising from cash transactions. The interest on these investments, the Local Government Investment Pool (LGIP), is allocated to the Current Expense Fund as allowed by State law (RCW 35.39.034).

Investments are reported at original cost. Deposits and investments by type on December 31, 2021, are as follows:

<u>Type of Investment</u>	<u>Balance</u>
First Interstate Bank – Operating Account	\$791,857.58
*includes Court & petty cash fund	
LGIP – State Investment Pool	\$3,549,056.66
Raymond Federal – CD	\$250,000.00
Security State Bank – CDBG Fund	\$16,671.04
US BANK BONDS/CHECKING – Investments	<u>\$2,056,300.69</u>
Total	\$6,663,885.97

It is the cities policy to invest all temporary cash surpluses. The interest on these investments is put into current expense.

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

The City of Raymond 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.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in even of 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 deposits and certificates of deposit are mostly covered by the federal depository insurance 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 it is agent in the government's name.

NOTE 3 – PROPERTY TAXES

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

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

The City of Raymond's regular levy for 2021 was \$2.688486 per \$1,000 on an assessed valuation of \$184,981,752 for a total regular levy of \$497,321.

NOTE 4 – DEBT SERVICE

The accompanying Schedule of Long-Term Debt (09) provides more details of the outstanding debt and liabilities of the City of Raymond and summarizes the city's debt transactions for the year ended December 31, 2021.

Debt service requirements for general obligation bonds, revenue bonds and other debt are as follows:

Year	Principal	Interest	Total
2022	\$668,681.02	\$354,776.12	\$1,023,457.14
2023	\$695,301.54	\$353,064.38	\$1,048,365.92
2024	\$703,365.29	\$340,594.08	\$1,043,959.37
2025	\$708,528.73	\$330,216.55	\$1,038,745.28
2026	\$718,461.69	\$317,345.07	\$1,035,806.76
2027-2031	\$3,461,525.83	\$1,394,014.83	\$4,855,540.66
2032-2036	\$2,839,680.69	\$1,100,002.87	\$3,939,683.56
2037-2041	\$2,576,520.11	\$829,670.96	\$3,406,191.07
2042-2046	\$2,727,437.88	\$552,292.12	\$3,279,730.00
2047-2051	\$3,031,483.70	\$248,246.30	\$3,279,730.00
2051	\$645,700.96	\$10,245.04	\$655,946.00
Totals	\$18,776,687.44	\$5,830,468.32	\$24,607,155.77

NOTE 5 – PENSION PLANS

Substantially all City of Raymond's full-time and qualifying part-time employees participate in the Public Employees (PERS) and Law Enforcement and Fire Fighters (LEOFF) 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. 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 downloaded from the DRS website at www.drs.wa.gov. The DRS CAFR may also be obtained by writing to:

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

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.

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

	Employer Contributions	Allocation %	Liability / (Asset)
PERS 1 UAAL	\$61,098	.008202%	\$100,166
PERS 2/3	\$99,916	.010548%	\$(1,050,751)
LEOFF 1	N/A	.004533%	\$(155,281)
LEOFF 2	\$73,774	.037009%	\$(2,149,636)
VFFRPF	\$480	.25%	\$(54,299.81)

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. As of December 31, 2021, there were two LEOFF I retired firefighters drawing benefits consisting of a City-paid long-term care policy, health insurance premiums, and medical costs not reimbursed by health insurance and mandated by the local LEOFF Board. (The City of Raymond pays health insurance premiums to Northwest Fire Firefighters Trust). Total cost to the City for 2021 was \$16,988.77

LEOFF Plan 2

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

NOTE 6 – BUDGET COMPLIANCE

The City of Raymond adopts annual appropriated budgets for governmental and proprietary 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 for 2021 were as follows:

Fund/Department	Final Appropriated	Actual Expenditures	Variance
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Current Expense	\$4,782,821.00	\$4,625,202.20	\$157,618.80
Street Fund	\$244,600.00	\$255,925.83	\$11,325.83
Capital Improvement	\$212,500.00	\$206,644.13	\$5,855.87
Fire Equip Fund	\$18,000.00	\$15,543.84	\$2,456.16
Special Street Fund	\$376,000.00	\$370,884.53	\$5,115.47
Water Operating Fund	\$2,535,905.00	\$2,519,154.11	\$16,750.89
Ambulance	\$1,895,200.00	\$1,819,480.27	\$75,719.53
Sanitation Fund	\$736,500.00	\$735,687.75	\$812.25
Raymond Sewer Fund	\$1,301,500.00	\$1,301,459.64	\$40.36
Theater Fund	\$86,160.00	\$72,677.07	\$13,482.93
Regional WWTP	\$3,294,640.00	\$2,669,314.16	\$625,325.84
GRAND TOTAL:	\$15,483,826.00	\$14,591,973.76	\$891,852.27

Budgeted amounts are authorized to be transferred between departments within any fund and between 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 Council.

NOTE 7 – COVID-19 PANDEMIC

In February 2020, the Governor of the State of Washington declared a state of emergency in response to the spread of a deadly new virus. In the weeks following the declaration, precautionary measures to slow the spread of the virus have been ordered. These measures include closing schools, colleges, and universities, cancelling public events, limiting public and private gatherings and restricting business operations, travel and non-essential activities. On March 25, 2020, the Mayor signed a Proclamation of Local Emergency modifying working hours of operation at all city facilities that are open to the public. As of May 1, 2020, Governor of the State of Washington “Stay Home, Stay Safe” policy was still in order until December 31, 2020. The length of time these measures will continue to be in place, and the full extent of the financial impact on the City of Raymond is unknown at this time. The mask mandate was still in effect all through 2021.

NOTE 8 – OTHER DISCLOSURES

The City of Raymond was awarded another Construction Loan (DWL25292) from Drinking Water State Revolving Fund (DWSRF) in 2020 for the Raymond Heights Reservoir Rehabilitation Project in the amount of \$1,040,300. Loan term is 20 years at 1.75% interest rate. The City was going to start construction in 2022 however, we had to terminate contract because they didn’t fulfill their requirements.

The City of Raymond City Council passed Ordinance #1893 "Proposition for General Obligation Bonds for the purchase of a new fire engine in the amount of \$525,000 on November 16, 2020. The vote went out to the people in a special election on February 9, 2021. The levy passed with a 76%. Pacific County will start collecting the taxes in June of 2022.

The City of Raymond has been in an on-going lawsuit with a former firefighter since 2019 alleging discrimination on a Retired Fire Chief. The former firefighter filed suit against the City of Raymond in 2021 in Pacific County Superior Court and it is still in discovery and being evaluated by outside counsel.

The City of Raymond built a new Sewer Treatment Plant in 2013 under the supervision of the Department of Ecology regarding permitting etc. The old sewer lagoon was decommissioned on May 21, 2015, and this site is under environmental covenant per Ecology on file at public works office. There is no plan for certain asset retirement obligations currently because our plant is under 10 years of age. We also had a Water Plant upgrade at our water plant in 2011 and there is no known city owned property with known contamination.

NOTE 9 – RISK MANAGEMENT

The City of Raymond is a member of the Association of Washington Cities Risk Management Service Agency (AWC RMSA). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Inter-local Cooperation Act. The AWC RMSA was formed on January 1, 1989, when 32 municipalities in the State of Washington joined by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 31, 2021, 105 municipalities/entities participate in the AWC RMSA pool.

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members with airports to group purchase airport liability coverage and members with drones to group purchase property and liability coverage.

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In accordance with WAC 200.100.02023, the AWC RMSA is governed by a board of directors, which is comprised of elected officials of participating members.

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

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
263.91	Bank of Pacific Car Loan 5102	4/10/2023	3,429	-	3,429	-
263.91	Bank of Pacific Car Loan 5103	5/19/2024	15,194	-	10,619	4,575
263.91	Bank of Pacific Car Loan 5104	2/10/2027	34,715	-	7,864	26,851
263.87	PW Trust Fund PR08-951-081	7/1/2028	320,175	-	53,363	266,812
263.83	DOE SRF Loan #L1000028	5/31/2031	900,787	-	101,658	799,129
263.83	DWSRF LOAN DWL25292	7/13/2040	9,270	-	515	8,755
263.83	DWSRF Loan DM10-952-029	10/31/2034	1,251,449	-	104,287	1,147,162
263.81	USDA-RD Sewer Rev Bond 2012A	12/1/2052	7,405,948	-	178,728	7,227,220
263.81	USDA-RD Sewer Rev Bond 2012B	12/1/2052	7,088,308	-	171,063	6,917,245
263.98	OPEB		147,931	46,369	-	194,300
251.12	Fire Truck Bond	1/1/2050	493,000	-	33,600	459,400
Total General Obligation Debt/Liabilities:			17,670,206	46,369	665,126	17,051,449
Revenue and Other (non G.O.) Debt/Liabilities						
264.30	Pension Liabilities		244,941	-	45,955	198,986
259.12	Compensated Absences		200,759	-	8,617	192,142
Total Revenue and Other (non G.O.) Debt/Liabilities:			445,700	-	54,572	391,128
Total Liabilities:			18,115,906	46,369	719,698	17,442,577

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

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.12	Fire Truck	12/30/2035	525,000	-	32,000	493,000
Total General Obligation Debt/Liabilities:			525,000	-	32,000	493,000
Revenue and Other (non G.O.) Debt/Liabilities						
263.99	Bank of the Pacific 5101	4/19/2022	6,004	-	6,004	-
263.99	Bank of the Pacific 5102	4/10/2023	13,411	-	9,982	3,429
263.82	PW Trust Fund PR08-951-081	6/1/2028	373,538	-	53,363	320,175
263.82	DOE SRF Loan #L1000028	5/31/2031	1,001,333	-	100,546	900,787
263.82	DWSRF Loan DM10-952-029	10/30/2034	1,355,737	-	104,287	1,251,450
263.82	DWSRF Loan DL15-961-068*	10/1/2021	30,269	-	30,269	-
252.11	USDA-RD Sewer Rev Bond 2012A	12/1/2052	7,580,938	-	174,990	7,405,948
252.11	USDA-RD Sewer Rev Bond 2012B	12/1/2052	7,255,793	-	167,485	7,088,308
264.30	Pension Liabilities		100,166	144,775	-	244,941
259.12	Compensated Absences		204,254	-	3,495	200,759
263.99	Bank of the Pacific 5103- Truck	5/19/2024	25,344	-	10,150	15,194
263.99	Bank of Pacific Loan #4	5/12/2027	-	41,067	6,352	34,715
263.52	KUBOTA LEASING - EXCAVATOR	2/5/2023	12,721	-	12,721	-
263.52	KUBOTA LEASING - MOWER	2/5/2022	3,125	-	3,125	-
264.40	OPEB		176,880	-	28,949	147,931
Total Revenue and Other (non G.O.) Debt/Liabilities:			18,139,513	185,842	711,718	17,613,637
Total Liabilities:			18,664,513	185,842	743,718	18,106,637

City of Raymond
Schedule of Liabilities
For the Year Ended December 31, 2021

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
263.91	Bank of the Pacific 5101	4/19/2023	23,659	-	17,655	6,004
263.91	Bank of the Pacific 5012- Police Car	4/10/2023	22,948	-	9,537	13,411
263.91	Bank of the Pacific 5103- Truck	5/19/2024	35,042	-	9,698	25,344
263.87	PW Trust Fund PR08-951-081	6/1/2028	426,900	-	53,363	373,537
263.83	DOE SRF Loan #L1000028	5/31/2031	1,100,780	-	99,447	1,001,333
263.83	DWSRF Loan DM10-952-029	10/30/2034	1,460,024	-	104,287	1,355,737
263.83	DWSRF Loan DL15-961-068	10/1/2023	98,289	-	68,020	30,269
251.12	Fire Truck	1/1/2050	-	525,000	-	525,000
Total General Obligation Debt/Liabilities:			3,167,642	525,000	362,007	3,330,635
Revenue and Other (non G.O.) Debt/Liabilities						
252.11	USDA-RD Sewer Rev Bond 2012A	12/1/2052	7,752,267	-	171,329	7,580,938
252.11	USDA-RD Sewer Rev Bond 2012B	12/1/2052	7,419,776	-	163,982	7,255,794
264.30	Pension Liabilities		381,599	-	281,433	100,166
259.12	Compensated Absences		190,942	13,312	-	204,254
264.40	OPEB		1,522,520	-	1,345,640	176,880
263.99	KUBOTA LEASING - EXCAVATOR	2/5/2023	31,710	-	18,989	12,721
263.99	KUBOTA LEASING - MOWER	2/5/2022	7,856	-	4,731	3,125
Total Revenue and Other (non G.O.) Debt/Liabilities:			17,306,670	13,312	1,986,104	15,333,878
Total Liabilities:			20,474,312	538,312	2,348,111	18,664,513

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

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
Community Facilities Loans and Grants Cluster								
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Community Facilities Loans and Grants	10.766	-	-	459,200	459,200	459,200	
Total Community Facilities Loans and Grants Cluster:				-	459,200	459,200	459,200	
CDBG - Entitlement Grants Cluster								
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Community Development Block Grants/Entitlement Grants	14.218	-	-	12,375	12,375	-	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Department of Commerce)	Community Development Block Grants/Entitlement Grants	14.218	19-62210-038	492,784	-	492,784	492,784	
Total CDBG - Entitlement Grants Cluster:				492,784	12,375	505,159	492,784	
OFFICE ON VIOLENCE AGAINST WOMEN, JUSTICE, DEPARTMENT OF	Violence Against Women Formula Grants	16.588	-	-	6,566	6,566	-	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	20.027	-	629,611	629,611	-	
Total Federal Awards Expended:				492,784	1,107,752	1,600,536	951,984	

The accompanying notes are an integral part of this schedule.

CITY OF RAYMOND
NOTES TO THE FEDERAL SCHEDULE OF FINANCIAL ASSISTANCE
(Schedule 16)
JANUARY 1, 2023, THROUGH DECEMBER 31, 2023

NOTE 1 – BASIS OF ACCOUNTING

The Schedule of Financial Assistance is prepared on the same basis of accounting as the City of Raymond's financial statements. The city uses the cash basis of accounting.

NOTE 2 – FEDERAL INDIRECT COST RATE

The city has 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 portion of the program costs. Entire program costs, including the City's portion, may be more than shown.

NOTE 4 – FEDERAL LOANS/GRANTS

The City of Raymond was awarded a CDBG Grant from the Department of Commerce on September 13, 2019. This grant was authorized by the federal Department of Housing and Urban Development to provide funds to units of local government to undertake and/or carry out special projects. The grant is for the New Willapa Center Community Facility with the Joint Pacific County Housing Authority. The amount of the grant is \$750,000. The city passed through \$492,784.00 in 2023. The ALN number is 14.218. The grant was extended through 2024 due to project delays.

The City of Raymond was awarded a USDA-RD CF Emergency Rural Health Care Grant from USDA-RD CF on December 15th, 2022. This grant was authorized by the Department of Agriculture to provide funds to units of local government to provide health care essentials to rural areas. The grant is two new ambulances with North Pacific County EMS. The amount of the grant is \$459,200.00. The city passed through \$459,200.00 in 2023. The ALN number is 10.766.

The City of Raymond was awarded a CDBG Grant from the Department of Commerce on November 2nd, 2021. This grant was authorized by the federal Department of Housing and Urban Development to provide funds to update the city's comprehensive plan. The amount of the grant is \$25,000 and \$12,375.00 was expended in 2023.

We received a STOP GRANT from the Department of Justice via Crisis Support in the amount of \$6,566.00. This is a pass-through to subrecipients grant with ALN # 16.588.

The City of Raymond was awarded COVID-19 Local Fiscal Recovery Funds through the Department of the Treasury. ALN number is 21.027 and the other award number is OMB No. 1505-0271. We expended only \$629,611 in 2023.



CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED UNDER UNIFORM GUIDANCE

City of Raymond January 1, 2023 through December 31, 2023

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

Finding ref number: 2023-001	Finding caption: The City did not have adequate internal controls ensuring accurate reporting of its financial statements.
Name, address, and telephone of City contact person: Debra Pearson, Deputy Clerk/Treasurer 230 2 nd Street Raymond, WA 98577 (360) 942-4100	
Corrective action the auditee plans to take in response to the finding: (If the auditee does not concur with the finding, the auditee must list the reasons for non-concurrence). <i>As mayor Raymond I feel that is imperative that I respond to these findings. I was elected mayor of Raymond in January 2022. I retired from the City of South Bend at the end of May 2022. During that time, I was training a new clerk in South Bend and finishing my annual report prior to my retirement. The long-time clerk in Raymond left in April and provided the newly hired clerk with less than 30 days of transitional training. Raymond's 2021 annual report was partially completed prior to the city clerk's departure. The new clerk and I took everything that was already prepared, finished up a few areas that had not been completed and it was submitted.</i> <i>Upon reviewing the deficiencies that were reported by the auditor it is obvious that the city has failed to sufficiently train the current city clerk or at best provide the resources needed for her to be successful in preparing the annual report.</i> <i>I was unaware that the reconciling of revenues, expenditures and ending cash and investments were not being accurately balanced monthly.</i>	

The city's failure to accurately report federal grants not only provided an inaccurate annual report, but it also put the state auditor in a position where they had the challenge of meeting their federal audit deadlines.

Effective immediately I will begin overseeing the monthly reconciliation of the bank statements, which includes the financial statements.

The clerk will be given the resources and time to prepare the annual report accurately and within the correct guidelines set out by the State Auditor.

The annual report will be thoroughly reviewed by me, the mayor, before the annual report is submitted. Checking for any missing information, balancing errors, or misrepresentation of information.

I will also ensure that the deputy clerk is fully knowledgeable regarding financial reporting, which will further strengthen the city's internal controls.

As mayor I understand this finding and assure you that the City of Raymond takes this matter very seriously. The City of Raymond will put forth its very best effort to make sure that all matters are resolved and that the city fully complies with all of the recommendations.

Anticipated date to complete the corrective action: IMMEDIATELY

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.

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