



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

City of Grandview

For the period January 1, 2021 through December 31, 2022

Published February 5, 2024

Report No. 1034187



Scan to see another great way
we're helping advance
#GoodGovernment



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

February 5, 2024

Mayor and City Council
City of Grandview
Grandview, Washington

Report on Financial Statements

Please find attached our report on the City of Grandview's financial statements.

We are issuing this report in order to provide information on the City's financial activities and condition.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

Americans with Disabilities

In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at webmaster@sao.wa.gov.

TABLE OF CONTENTS

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	4
Independent Auditor's Report on the Financial Statements.....	7
Financial Section.....	11
About the State Auditor's Office.....	44

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 Grandview January 1, 2021 through December 31, 2022

Mayor and City Council
City of Grandview
Grandview, 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 Grandview, as of and for the years ended December 31, 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 January 30, 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.

REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this

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

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

January 30, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

City of Grandview January 1, 2021 through December 31, 2022

Mayor and City Council
City of Grandview
Grandview, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of the City of Grandview, as of and for the years ended December 31, 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 Grandview, and its changes in cash and investments, for the years ended December 31, 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 Grandview, as of December 31, 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.

Matters of Emphasis

As discussed in Note 5 to the financial statements, in 2022, the City adopted new accounting guidance for financial reporting for leases, as required by the BARS Manual. Our opinion is not modified with respect to this matter.

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 Schedules of Liabilities are 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 January 30, 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.



Pat McCarthy, State Auditor

Olympia, WA

January 30, 2024

FINANCIAL SECTION

City of Grandview January 1, 2021 through December 31, 2022

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2022
Fund Resources and Uses Arising from Cash Transactions – 2021
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2022
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2021
Notes to Financial Statements – 2022
Notes to Financial Statements – 2021

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2022
Schedule of Liabilities – 2021

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

		<u>Total for All Funds (Memo Only)</u>	<u>001 Current Expense Fund</u>	<u>106 Yakima Cnty Law & Justice Tax</u>
Beginning Cash and Investments				
308	Beginning Cash and Investments	22,193,188	2,675,132	383,885
388 / 588	Net Adjustments	-	-	-
Revenues				
310	Taxes	6,532,436	5,043,359	394,468
320	Licenses and Permits	261,555	261,555	-
330	Intergovernmental Revenues	2,372,576	1,951,979	-
340	Charges for Goods and Services	9,445,474	159,779	-
350	Fines and Penalties	86,739	86,739	-
360	Miscellaneous Revenues	431,039	186,250	4,783
Total Revenues:		<u>19,129,819</u>	<u>7,689,661</u>	<u>399,251</u>
Expenditures				
510	General Government	1,509,832	1,509,832	-
520	Public Safety	4,875,353	4,101,394	389,671
530	Utilities	6,560,661	-	-
540	Transportation	1,005,630	-	-
550	Natural/Economic Environment	264,185	264,185	-
560	Social Services	38,103	38,103	-
570	Culture and Recreation	837,213	837,213	-
Total Expenditures:		<u>15,090,977</u>	<u>6,750,727</u>	<u>389,671</u>
Excess (Deficiency) Revenues over Expenditures:		<u>4,038,842</u>	<u>938,934</u>	<u>9,580</u>
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	958,118	-	-
397	Transfers-In	173,300	-	-
385	Special or Extraordinary Items	-	-	-
381, 382, 389, 395, 398	Other Resources	756,525	11,075	-
Total Other Increases in Fund Resources:		<u>1,887,943</u>	<u>11,075</u>	<u>-</u>
Other Decreases in Fund Resources				
594-595	Capital Expenditures	3,182,657	222,709	10,986
591-593, 599	Debt Service	471,714	89,371	-
597	Transfers-Out	173,300	150,000	-
585	Special or Extraordinary Items	-	-	-
581, 582, 589	Other Uses	4,565	3,150	-
Total Other Decreases in Fund Resources:		<u>3,832,236</u>	<u>465,230</u>	<u>10,986</u>
Increase (Decrease) in Cash and Investments:		<u>2,094,549</u>	<u>484,779</u>	<u>(1,406)</u>
Ending Cash and Investments				
50821	Nonspendable	371,294	-	-
50831	Restricted	4,618,877	2,263,516	382,477
50841	Committed	-	-	-
50851	Assigned	18,411,167	10,000	-
50891	Unassigned	886,397	886,397	-
Total Ending Cash and Investments		<u>24,287,735</u>	<u>3,159,913</u>	<u>382,477</u>

The accompanying notes are an integral part of this statement.

110 Street Fund	115 Transportation Benefit District	130 Cemetery Fund	210 SIED Loan - Euclid/WCR Fund	301 Capital Improvements Fund	405 Emergency Medical Services
417,687	358,789	209,276	12	814,547	86,795
-	-	-	-	-	-
365,946	192,198	98,524	-	301,090	136,851
-	-	-	-	-	-
347,857	-	-	-	-	8,274
-	-	130,555	-	-	296,144
-	-	-	-	-	-
10,723	5,754	7,695	-	12,335	1,492
<u>724,526</u>	<u>197,952</u>	<u>236,774</u>	<u>-</u>	<u>313,425</u>	<u>442,761</u>
-	-	-	-	-	-
-	-	-	-	-	384,288
-	-	196,260	-	-	-
540,706	37,083	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>540,706</u>	<u>37,083</u>	<u>196,260</u>	<u>-</u>	<u>-</u>	<u>384,288</u>
<u>183,820</u>	<u>160,869</u>	<u>40,514</u>	<u>-</u>	<u>313,425</u>	<u>58,473</u>
-	-	-	-	-	-
-	-	-	23,300	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>23,300</u>	<u>-</u>	<u>-</u>
158,911	-	-	-	94,924	-
-	-	-	23,299	-	-
23,300	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>182,211</u>	<u>-</u>	<u>-</u>	<u>23,299</u>	<u>94,924</u>	<u>-</u>
1,609	160,869	40,514	1	218,501	58,473
-	-	-	-	-	-
50,000	519,657	-	14	-	145,268
-	-	-	-	-	-
369,297	-	249,791	-	1,033,048	-
-	-	-	-	-	-
<u>419,297</u>	<u>519,657</u>	<u>249,791</u>	<u>14</u>	<u>1,033,048</u>	<u>145,268</u>

410 Water Fund	415 Sewer Fund	420 Irrigation Fund	430 Solid Waste Fund	510 Equipment Rental Fund	710 Cemetery Endowment Fund
6,983,523	7,105,956	119,975	742,946	1,925,047	369,618
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	64,466	-	-	-	-
2,526,067	3,980,515	536,197	1,267,392	548,825	-
-	-	-	-	-	-
84,924	71,721	710	10,436	32,540	1,676
<u>2,610,991</u>	<u>4,116,702</u>	<u>536,907</u>	<u>1,277,828</u>	<u>581,365</u>	<u>1,676</u>
-	-	-	-	-	-
-	-	-	-	-	-
1,867,766	2,688,927	567,834	1,239,874	-	-
-	-	-	-	427,841	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,867,766</u>	<u>2,688,927</u>	<u>567,834</u>	<u>1,239,874</u>	<u>427,841</u>	<u>-</u>
<u>743,225</u>	<u>1,427,775</u>	<u>(30,927)</u>	<u>37,954</u>	<u>153,524</u>	<u>1,676</u>
-	958,118	-	-	-	-
150,000	-	-	-	-	-
-	-	-	-	-	-
450	745,000	-	-	-	-
<u>150,450</u>	<u>1,703,118</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
94,737	2,418,412	-	15,578	166,400	-
220,148	133,678	-	-	5,218	-
-	-	-	-	-	-
-	-	-	-	-	-
1,415	-	-	-	-	-
<u>316,300</u>	<u>2,552,090</u>	<u>-</u>	<u>15,578</u>	<u>171,618</u>	<u>-</u>
577,375	578,803	(30,927)	22,376	(18,094)	1,676
-	-	-	-	-	371,294
666,995	590,950	-	-	-	-
-	-	-	-	-	-
6,893,900	7,093,812	89,047	765,323	1,906,949	-
-	-	-	-	-	-
<u>7,560,895</u>	<u>7,684,762</u>	<u>89,047</u>	<u>765,323</u>	<u>1,906,949</u>	<u>371,294</u>

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

		Total for All Funds (Memo Only)	001 Current Expense Fund	106 Yakima Cnty Law & Justice Tax	110 Street Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	19,107,667	1,344,910	279,254	375,802
388 / 588	Net Adjustments	78,085	78,085	-	-
Revenues					
310	Taxes	6,309,918	4,779,833	373,318	313,680
320	Licenses and Permits	323,853	323,853	-	-
330	Intergovernmental Revenues	3,083,606	2,034,000	-	564,615
340	Charges for Goods and Services	9,356,205	174,853	-	-
350	Fines and Penalties	118,844	118,844	-	-
360	Miscellaneous Revenues	600,199	159,869	1,095	6,790
Total Revenues:		<u>19,792,625</u>	<u>7,591,252</u>	<u>374,413</u>	<u>885,085</u>
Expenditures					
510	General Government	1,064,298	1,064,298	-	-
520	Public Safety	4,560,106	3,976,099	236,683	-
530	Utilities	6,139,572	-	-	-
540	Transportation	843,110	-	-	524,401
550	Natural/Economic Environment	239,613	239,613	-	-
560	Social Services	15,585	15,585	-	-
570	Culture and Recreation	758,035	758,035	-	-
Total Expenditures:		<u>13,620,319</u>	<u>6,053,630</u>	<u>236,683</u>	<u>524,401</u>
Excess (Deficiency) Revenues over Expenditures:		<u>6,172,306</u>	<u>1,537,622</u>	<u>137,730</u>	<u>360,684</u>
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	2,366,457	451,122	-	-
397	Transfers-In	115,300	-	-	50,000
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	6,615	1,350	-	-
Total Other Increases in Fund Resources:		<u>2,488,372</u>	<u>452,472</u>	<u>-</u>	<u>50,000</u>
Other Decreases in Fund Resources					
594-595	Capital Expenditures	4,285,997	105,210	33,101	345,499
591-593, 599	Debt Service	1,250,705	539,799	-	-
597	Transfers-Out	115,300	92,000	-	23,300
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	1,250	950	-	-
Total Other Decreases in Fund Resources:		<u>5,653,252</u>	<u>737,959</u>	<u>33,101</u>	<u>368,799</u>
Increase (Decrease) in Cash and Investments:		<u>3,007,426</u>	<u>1,252,135</u>	<u>104,629</u>	<u>41,885</u>
Ending Cash and Investments					
50821	Nonspendable	369,618	-	-	-
50831	Restricted	3,583,939	1,513,583	383,885	53,250
50841	Committed	-	-	-	-
50851	Assigned	17,151,142	73,060	-	364,437
50891	Unassigned	1,088,489	1,088,489	-	-
Total Ending Cash and Investments		<u>22,193,188</u>	<u>2,675,132</u>	<u>383,885</u>	<u>417,687</u>

The accompanying notes are an integral part of this statement.

115 Transportation Benefit District	130 Cemetery Fund	205 SIED Loan - EWC Plaza Fund	210 SIED Loan - Euclid/WCR Fund	301 Capital Improvements Fund	405 Emergency Medical Services
307,816	183,418	11	11	392,048	52,285
-	-	-	-	-	-
195,021	84,452	-	-	420,507	143,107
-	-	-	-	-	-
-	-	-	-	-	5,963
-	159,659	-	-	-	190,609
-	-	-	-	-	-
1,104	8,436	331,686	-	1,992	152
196,125	252,547	331,686	-	422,499	339,831
-	-	-	-	-	-
-	-	-	-	-	347,324
-	207,002	-	-	-	-
20,400	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
20,400	207,002	-	-	-	347,324
175,725	45,545	331,686	-	422,499	(7,493)
-	-	-	-	-	-
-	-	-	23,300	-	42,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	23,300	-	42,000
124,752	19,688	-	-	-	-
-	-	331,697	23,299	-	-
-	-	-	-	-	-
-	-	-	-	-	-
124,752	19,688	331,697	23,299	-	-
50,973	25,857	(11)	1	422,499	34,507
-	-	-	-	-	-
358,789	-	-	12	-	86,795
-	-	-	-	-	-
-	209,276	-	-	814,547	-
-	-	-	-	-	-
358,789	209,276	-	12	814,547	86,795

410 Water Fund	415 Sewer Fund	420 Irrigation Fund	430 Solid Waste Fund	510 Equipment Rental Fund	710 Cemetery Endowment Fund
6,474,189	6,462,599	161,398	693,505	2,011,595	368,826
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	479,028	-	-	-	-
2,516,474	4,010,788	513,893	1,218,169	571,760	-
-	-	-	-	-	-
31,251	26,481	249	2,838	27,464	792
2,547,725	4,516,297	514,142	1,221,007	599,224	792
-	-	-	-	-	-
-	-	-	-	-	-
1,747,891	2,457,773	555,563	1,171,343	-	-
-	-	-	-	298,309	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,747,891	2,457,773	555,563	1,171,343	298,309	-
799,834	2,058,524	(41,421)	49,664	300,915	792
-	1,915,335	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,265	-	-	4,000	-	-
1,265	1,915,335	-	4,000	-	-
69,234	3,196,824	-	4,225	387,464	-
222,232	133,678	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
300	-	-	-	-	-
291,766	3,330,502	-	4,225	387,464	-
509,333	643,357	(41,421)	49,439	(86,549)	792
-	-	-	-	-	369,618
617,325	570,300	-	-	-	-
-	-	-	-	-	-
6,366,198	6,535,656	119,975	742,946	1,925,047	-
-	-	-	-	-	-
6,983,523	7,105,956	119,975	742,946	1,925,047	369,618

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

		Total for All Funds (Memo Only)	Investment Trust	Private-Purpose Trust	Custodial
308	Beginning Cash and Investments	93,392	69,493	7,404	16,495
388 & 588	Net Adjustments	-	-	-	-
310-390	Additions	110,711	865	83	109,763
510-590	Deductions	116,533	-	1,297	115,236
	Net Increase (Decrease) in Cash and Investments:	(5,822)	865	(1,214)	(5,473)
508	Ending Cash and Investments	87,570	70,358	6,190	11,022

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

		Total for All Funds (Memo Only)	Investment Trust	Private-Purpose Trust	Custodial
308	Beginning Cash and Investments	82,680	69,847	7,494	5,339
388 & 588	Net Adjustments	-	-	-	-
310-390	Additions	144,879	214	1,224	143,441
510-590	Deductions	134,170	568	1,315	132,287
	Net Increase (Decrease) in Cash and Investments:	10,709	(354)	(91)	11,154
508	Ending Cash and Investments	93,392	69,493	7,404	16,495

City of Grandview
For year ending 12/31/2022
NOTES TO FINANCIAL STATEMENT

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Grandview was incorporated on September 21, 1909, and operates under the laws of the State of Washington applicable to a Non-Charter Code City with a mayor-council form of government. The city is a general-purpose government and provides public safety, fire prevention, street improvement, parks and recreation, health and social services, and general administrative services. In addition, the city owns and operates water and sewer systems, an irrigation water system, refuse collection system, and cemetery.

The City of Grandview 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 presented using classifications that are similar to the ending balance classification in GAAP.

A. Fund Accounting

Financial transactions of the city 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 city's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following are the fund types used by the city:

GOVERNMENTAL FUND TYPES:

General (Current Expense) Fund

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

Special Revenue Funds

These funds account for revenues that are legally restricted or designated to finance particular activities of the city.

Debt Service Funds

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

Capital Projects Funds

These funds account for financial resources, which are designated for the acquisition or construction of general government capital projects.

Permanent Funds

These funds account for financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support programs for the benefit of the government or its citizenry.

PROPRIETARY FUND TYPES:

Enterprise Funds

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

FIDUCIARY FUND TYPES:

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

Private-Purpose Trust Funds

These funds report all trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

Custodial Funds

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

B. Basis of Accounting

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

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

Purchases of capital assets are expensed during the year of acquisition. There is no capitalization of capital assets, nor allocation of depreciation expense. Inventory is expensed when purchased.

C. Cash and Investments

See Note 3, Deposits and Investments.

D. Capital Assets

Capital assets are long-lived assets of the city and are recorded as expenditures when purchased.

E. Compensated Absences

Vacation leave may be accumulated up to 20 days, plus one day for each year of service over 20 years. Upon resignation or termination of employment, unused accumulated vacation is payable to the employee.

Sick leave may accumulate up to 1,800 hours for all personnel, except Police Department Patrol/Sergeant Union. They can accumulate up to 1,920.60 hours. Upon separation or retirement, employees hired prior to 1/1/2007 receive payment for 50% of unused sick leave. Employees hired after 1/1/2007 receive 25% of unused sick leave. These amounts are paid out if the employee has accumulated a minimum of 360 hours.

F. Long-Term Debt

See Note 6, Long-Term Debt

G. Restricted and Committed Portion of Ending Cash and Investments

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

Restrictions and commitments of Ending Cash and Investments consist of \$2,442,931 and are reported in the following funds: Yakima County Law & Justice 3/10%, Street, Transportation Benefit District, SIED Loan – Euclid/WCR, Emergency Medical Service, Water, Sewer, Library Trust, Library Memorial Trust, and State/Court Remittance.

NOTE 2 – BUDGET COMPLIANCE

The city adopts annual appropriated budgets for the following funds: Current Expense, Yakima County 3/10% Law & Justice Tax, Street, Transportation Benefit District, Cemetery, SIED Loan Euclid/Wine Country Road, Capital Improvement, Emergency Medical Services, Water, Sewer, Irrigation, Solid Waste and Equipment Rental. These budgets are appropriated at the fund 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 City Administrator is authorized to transfer budgeted amounts between Departments within any fund/object classes within Departments; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City Council.

There have been no material violations of finance-related legal or contractual provisions.

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

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

Fund	Final Appropriated Amounts	Actual Expenditures	Variance
Current Expense	\$ 9,036,805	\$ 7,215,957	\$ 1,820,848
Yakima Co. 3/10% L. & J. Tax	\$ 451,800	\$ 400,657	\$ 51,143
Street	\$ 1,093,155	\$ 722,917	\$ 370,238
Transportation Benefit District	\$ 189,250	\$ 37,083	\$ 152,167
Cemetery	\$ 275,050	\$ 196,260	\$ 78,790
SIED Loan – Euclid/WCR Debt	\$ 23,300	\$ 23,299	\$ 1
Capital Improvement	\$ 574,500	\$ 94,924	\$ 479,576
E.M.S.	\$ 435,950	\$ 384,288	\$ 51,662
Water	\$ 3,216,075	\$ 2,184,066	\$ 1,032,009
Sewer	\$ 6,253,770	\$ 5,241,017	\$ 1,012,753
Irrigation	\$ 572,400	\$ 567,834	\$ 4,566
Solid Waste	\$ 1,252,870	\$ 1,255,452	\$ (2,582)
Equipment Rental	\$ 723,000	\$ 599,459	\$ 123,541
Totals	\$ 24,097,925	\$ 18,923,213	\$ 5,174,712

The American Rescue Plan Act (ARPA) fund is a sub-fund of the Current Expense fund and is rolled up into that fund for reporting purposes.

The Solid Waste fund went over budget by \$2,582. However, this was offset by the increased revenues that were \$103,628 (9%) above budget.

NOTE 3 – DEPOSITS AND INVESTMENTS

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

Type of Investment	City Owned	Held by City as Custodian
Bank Deposits	\$ 1,143,730.97	\$ 87,569.96
Local Government Investment Pool	9,319,050.52	0
Municipal Bonds	1,325,979.23	0
U.S. Government Securities	12,498,974.27	0
Total	\$ 24,287,734.99	\$ 87,569.96

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

The city is a voluntary participant in the Local Government Investment Pool (LGIP), 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 or online at www.tre.wa.gov.

The city's deposits are mostly covered by the Federal Deposit Insurance Corporation and the Washington State Public Deposit Protection Commission.

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

In 2022, a Federal Home Loan Bank bond matured. During the year, the city purchased two Federal Farm Credit Bank bonds, 2 US Treasury notes (one was short term and matured) and one Federal Home Loan Mortgage Corp bond. The city's investment totals increased approximately \$2.3 million and brought in \$266,000 of interest revenue to the city.

NOTE 4 – INTERFUND LOANS

The city had no interfund loans during 2022.

NOTE 5 – LEASES (LESSEES)

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

The city leases 2 copiers from Ricoh for \$339.99 and \$33.34 per month with both having 5-year lease agreements. The city leases a third copier from Wells Fargo that was \$416.68 from January 2022 – March 2022 and then \$440.92 from April 2022 onward.

The total amount paid for leases in 2022 was \$9,698. As of December 31, 2022, the future lease payments are as follows:

Year ended December 31
2023 - \$9,771
2024 - \$9,771
2025 - \$9,771
2026 - \$5,403

NOTE 6 – LONG-TERM DEBT

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liability of the city and summarizes the city's debt transactions for year ended December 31, 2022.

The future debt service requirements for general obligation bonds, general obligation debt and revenue debt, including interest, are as follows:

Year	General Obligation Bonded Debt	General Obligation Other Debt	Revenue Bonded Debt	Revenue Other Debt	Total Debt
2023	35,508.00	75,298.47	0.00	351,744.77	462,551.24
2024	35,508.00	73,548.47	0.00	209,645.06	318,701.53
2025	35,508.00	71,798.22	0.00	208,962.64	316,268.86
2026	35,508.00	51,750.00	0.00	208,280.18	295,538.18
2027	35,508.00	44,750.00	0.00	207,597.74	287,855.74
2028-2032	177,540.00	180,750.00	0.00	1,027,752.42	1,386,042.42
2033-2037	177,540.00	0.00	0.00	965,196.17	1,142,736.17
2038-2042	95,854.73	0.00	0.00	776,390.00	872,244.73
2043-2047	0.00	0.00	0.00	776,390.00	776,390.00
2048-2052	0.00	0.00	0.00	710,464.37	710,464.37
2053-2057	0.00	0.00	0.00	401,034.00	401,034.00
2058-2062	0.00	0.00	0.00	0.00	0.00
Totals	628,474.73	497,895.16	0.00	5,843,457.35	6,969,827.24

Included on Schedule 09 in 2022 are the Long-Term Liabilities of Compensated Absences. Outstanding compensating absences are those amounts due to employees to buy-out vested leave balances if employment had been discontinued at fiscal year-end. Also included in the 2022 schedule is the city's liability to the Department of Retirement Systems and Social Security/Medicare. The City of Grandview has policies in place that provide for buy-out of accrued and unused vacation and sick leave time. The liability to Government Funds on 12/31/2022 is \$404,750. The Proprietary Funds liability is \$315,150.

In 2019, the city began receiving proceeds from the Department of Ecology for a Sewer Trunk Main replacement. The proceeds are shown in Schedule 09. As of May, 2023 the project was still ongoing. Repayment on the loan will not begin until 2023 or 2024.

In 2022, the city applied for and received a Department of Health Drinking Water Revolving Fund (DWSRF) loan in the amount of \$3,578,329 to fund Source Well Improvements. Construction will not start until fall of 2023. Repayment on the loan will not begin until 2023 or 2024. The city will also be looking to apply for grant funding from Yakima County ARPA funds for this project.

In 2023, the city will be constructing a new roundabout at the McCreadie Road entrance coming into town. Part of that project will be adding new water, sewer and roadway infrastructure. The city received SIED funding from Yakima County in the form of half grant/half loan. Repayment of the loan portion will begin in 2024.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The city has a commitment to pay for post-employment benefits for retired employees that belong to LEOFF1. LEOFF1 is a closed single employer defined benefit plan administered by the City of Grandview per RCW 41.26. These benefits include medical, vision and long-term care. This is on a pay as you go basis and the plan pays 100% of eligible retiree's healthcare. Seven retirees received benefits during the year and \$60,213.95 was paid out for those benefits. The OPEB liability, which was calculated using the alternative measurement method and shown on Schedule 09, is \$3,559,214.

NOTE 8 – STATE SPONSORED PENSION PLANS

Substantially all City of Grandview full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans:

Public Employees’ Retirement System (PERS)
 Law Enforcement Officers’ and Fire Fighters’ Retirement System (LEOFF)

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

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

The DRS ACFR may be downloaded from the DRS website at www.drs.wa.gov.

The City of Grandview 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 ACFR available from the Office of Financial Management website at www.ofm.wa.gov.

At June 30, 2022 (the measurement date of the plans), the City of Grandview’s proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$26,032.91	0.004248	\$118,280
PERS 1 UAAL	\$81,988.98	0.013378	\$372,493
PERS 2/3	\$140,552.79	0.017495	(\$648,851)
LEOFF 1		0.012516	(\$359,036)
LEOFF 2	\$110,378.41	0.053315	(\$1,448,941)
VFFRPF - Fire	\$810.00	0.426000	(\$120,405)

Only the net pension liabilities are reported on Schedule 09.

LEOFF Plan 1

The LEOFF Plan 1 is fully funded, and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. Starting on July 1, 2000, employers and employees contribute zero percent.

LEOFF Plan 2

The 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.

The city offers its employees two deferred compensation plans (DCP) created in accordance with Internal Revenue Codes. One plan is with ICMA Retirement Trust. The second plan offered is through the Washington State Department of Retirement Systems (DRS). The DRS administers the Washington State DCP and contracts with a third party (currently ING) for record keeping and other administrative services. The Washington State Investment Board selects and monitors the state DCP's investment options. These plans are available to all employees. The plans permit employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The City of Grandview does not contribute to this plan.

NOTE 9 - PROPERTY TAXES

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

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

The city's regular levy for 2022 was \$2.383 per \$1,000 on an assessed valuation of \$708,669,983 for a total regular levy of \$1,689,017.

In addition to the regular levy, the city received Excess Levy property taxes from the County for Emergency Medical Services. The levy rate in 2022 was \$0.19014187 per \$1,000 on an assessed valuation of \$708,669,983 for a total E.M.S. excess levy of \$134,748.

NOTE 10 – RISK MANAGEMENT

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

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

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

All Members are provided a separate cyber risk policy and premises pollution liability coverage group purchased by WCIA. The cyber risk policy provides coverage and separate limits for security & privacy, event management, and cyber extortion, with limits up to \$1 million and subject to member deductibles,

sublimits, and a \$5 million pool aggregate. Premises pollution liability provides Members with a \$2 million incident limit and \$10 million pool aggregate subject to a \$100,000 per incident Member deductible.

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

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

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

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

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

NOTE 11 - OTHER DISCLOSURES

TRANSPORTATION BENEFIT DISTRICT

The City of Grandview created the Grandview Transportation Benefit District (TBD) in 2011 and collection of license tab fees began in 2012. The Grandview City Council acted as the board of directors of the Grandview TBD until December 31, 2015. Ordinance No. 2015-19 was passed, and the City of Grandview assumed all rights, powers, immunities, functions, and obligations of the Grandview TBD, pursuant to the authority of Second Engrossed Substitute Senate Bill 5987 (2ESSB 5987), abolishing the Grandview TBD and repealing Section 2 of Ordinance No. 2011-9.

Total fees collected in 2022 were \$192,198. Revenues from the license tab fees will be used for planned and defined transportation system purposes.

SEWER TRUNK MAIN REPLACEMENT

In 2020, the City of Grandview began construction on a Sewer Trunk Main replacement. The project is expected to cost close to \$6.1 million with most of the funding coming from a Department of Ecology loan and a \$750,000 Community Block Development Grant. The project should be closed out late 2023. Repayment of debt obligation will begin in 2023 or 2024.

WASTEWATER TREATMENT PLANT AREA FIRE

In 2022, a landowner located outside Grandview city limits on Canyon Road was doing some welding on a windy day around a dry weeded area and as a result, caught the dry weeds on fire. The fire started on the north side of the Yakima River and because of the high winds that day, the fire jumped the river onto the City of Grandview's Wastewater Treatment Plant area. The city owns approximately 800 acres along with an additional 600 acres owned by the Department of Wildlife which are also dry vegetation. The city operates a spray field irrigation system that was constructed with pvc piping and the fire damaged the entire spray field infrastructure. The spray field piping is a very important element of the land disposal process therefore the city filed an insurance claim and was awarded \$750,000 for replacing this piping. The work to replace the piping will begin in 2023.

AWC HEALTH INSURANCE

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

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

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

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

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

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

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

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

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

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

City of Grandview
For year ending 12/31/2021
NOTES TO FINANCIAL STATEMENT

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Grandview was incorporated on September 21, 1909, and operates under the laws of the State of Washington applicable to a Non-Charter Code City with a mayor-council form of government. The City is a general-purpose government and provides public safety, fire prevention, street improvement, parks and recreation, health and social services, and general administrative services. In addition, the City owns and operates water and sewer systems, an irrigation water system, refuse collection system, and cemetery.

The City of Grandview 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 presented using classifications that are similar to the ending balance classification in GAAP.

A. Fund Accounting

Financial transactions of the City 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 City's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following are the fund types used by the city:

GOVERNMENTAL FUND TYPES:

General (Current Expense) Fund

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

Special Revenue Funds

These funds account for revenues that are legally restricted or designated to finance particular activities of the City.

Debt Service Funds

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

Capital Projects Funds

These funds account for financial resources, which are designated for the acquisition or construction of general government capital projects.

Permanent Funds

These funds account for financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support programs for the benefit of the government or its citizenry.

PROPRIETARY FUND TYPES:

Enterprise Funds

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

FIDUCIARY FUND TYPES:

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

Private-Purpose Trust Funds

These funds report all trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

Custodial Funds

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

B. Basis of Accounting

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

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

Purchases of capital assets are expensed during the year of acquisition. There is no capitalization of capital assets, nor allocation of depreciation expense. Inventory is expensed when purchased.

C. Cash and Investments

See Note 5, Deposits and Investments.

D. Capital Assets

Capital assets are long-lived assets of the city and are recorded as expenditures when purchased.

E. Compensated Absences

Vacation leave may be accumulated up to 20 days, plus one day for each year of service over 20 years. Upon resignation or termination of employment, unused accumulated vacation is payable to the employee.

Sick leave may accumulate up to 1,800 hours for all personnel, except Police Department Patrol/Sergeant Union. They can accumulate up to 1,920.60 hours. Upon separation or retirement, employees hired prior to 1/1/2007 receive payment for 50% of unused sick leave. Employees hired after 1/1/2007 receive 25% of unused sick leave. These amounts are paid out if the employee has accumulated a minimum of 360 hours.

F. Long-Term Debt

See Note 7, Long-Term Debt

G. Restricted and Committed Portion of Ending Cash and Investments

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

Restrictions and commitments of Ending Cash and Investments consist of \$2,163,748 and are reported in the following funds: Yakima County Law & Justice 3/10%, Street, Transportation Benefit District, SIED Loan – Euclid/WCR, Emergency Medical Service, Water, Sewer, Library Trust, Library Memorial Trust, and State/Court Remittance.

NOTE 2 – BUDGET COMPLIANCE

The city adopts annual appropriated budgets for the following funds: Current Expense, Yakima County 3/10% Law & Justice Tax, Street, Transportation Benefit District, Cemetery, SIED Loan East Wine Country Plaza, SIED Loan Euclid/Wine Country Road, Capital Improvement, Emergency Medical Services, Water, Sewer, Irrigation, Solid Waste and Equipment Rental. These budgets are appropriated at the fund 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 City Administrator is authorized to transfer budgeted amounts between Departments within any fund/object classes within Departments; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City Council.

There have been no material violations of finance-related legal or contractual provisions.

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

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

Fund	Final Appropriated Amounts	Actual Expenditures	Variance
Current Expense	\$ 7,554,870	\$ 6,791,589	\$ 763,281
Yakima Co. 3/10% L. & J. Tax	\$ 389,850	\$ 269,784	\$ 120,066
Street	\$ 1,194,440	\$ 893,200	\$ 301,240
Transportation Benefit District	\$ 202,650	\$ 145,152	\$ 57,498
Cemetery	\$ 274,780	\$ 226,690	\$ 48,090
SIED Loan – EWC Plaza Debt	\$ 332,170	\$ 331,697	\$ 473
SIED Loan – Euclid/WCR Debt	\$ 23,300	\$ 23,299	\$ 1
Capital Improvement	\$ 188,000	\$ 0	\$ 188,000
E.M.S.	\$ 358,620	\$ 347,324	\$ 11,296
Water	\$ 2,385,145	\$ 2,039,657	\$ 345,488
Sewer	\$ 7,100,530	\$ 5,788,275	\$ 1,312,255
Irrigation	\$ 564,670	\$ 555,563	\$ 9,107
Solid Waste	\$ 1,195,910	\$ 1,175,568	\$ 20,342
Equipment Rental	\$ 876,840	\$ 685,773	\$ 191,067
Totals	\$ 22,641,775	\$ 19,273,571	\$ 3,368,204

The American Rescue Plan Act (ARPA) fund is a sub-fund of the Current Expense fund and is rolled up into that fund for reporting purposes.

In 2021, the City started collecting an ambulance utility fee in the E.M.S. fund. That fund has been moved from a Special Revenue Fund to an Enterprise Fund.

NOTE 3 – COVID-19 PANDEMIC

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of COVID-19. Precautionary measures to slow the spread of the virus continued throughout 2021. These measures included limitations on business operations, public events, gatherings, travel, and in-person interactions.

The City anticipated that the closure of nonessential businesses at the time would result in a reduction of Sales Tax Revenue. Sales tax did decrease in 2020, but it has steadily climbed back almost to the levels it was pre pandemic. All other taxes have stayed consistent. The City did see a reduction in our recreational programs at the Community Center and Municipal Pool as individuals were ordered to stay home for a length of time in 2020. However, like the sales tax, the programs were back in the last half of 2021 and the City should see those revenues continue to increase.

The City continued to keep communication lines open. Meetings were held between Mayor, Council and Department Heads. Discussions centered around the monitoring of revenues and expenditures by each department head. Weekly reports were sent to keep everyone informed of any issues within each

department. The length of time these measures will continue to be in place, and the full extent of the financial impact on the city is unknown at this time.

NOTE 4 – FINANCIAL CONDITION

As we head into 2022, most revenues have started to increase and get to the levels they were pre pandemic. Department heads are doing what they can to keep expenditures down. As stated previously, recreational programs at the Community Center and the municipal pool have opened back up. Management and staff remain cautiously optimistic that this return to normalcy will continue as the City conducts business as usual.

The city manager and department heads meet once a month to go over revenues and expenditures. Everyone knows where their services should be at that point and discussions take place for any variances. In the summer of 2022, the City should be receiving their second installment from the American Rescue Plan Act. The City plans to use those funds for infrastructure, youth and senior citizen programs, small business grants and other services.

These planned actions are expected to enable the government to continue operating and meeting its obligations as they come due.

NOTE 5 – DEPOSITS AND INVESTMENTS

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

Type of Investment	City Owned	Held by City as Custodian
Bank Deposits	\$ 1,001,924.13	\$ 93,390.76
Local Government Investment Pool	9,996,784.27	0
Municipal Bonds	1,325,979.23	0
U.S. Government Securities	9,518,500.02	0
US Bank Certificate of Deposit	350,000.00	0
Total	\$ 22,193,187.65	\$ 93,390.76

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

The City is a voluntary participant in the Local Government Investment Pool (LGIP), 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 or online at www.tre.wa.gov.

The City's deposits and certificates of deposit are mostly covered by the Federal Deposit Insurance Corporation and the Washington State Public Deposit Protection Commission.

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

In 2021, the City’s King Co. Medical Facility GO bond and a Federal Home Loan Bank bond were called. To replace these in the portfolio, two Federal Farm Credit Bank bonds and two US Treasury notes were purchased. The City’s investment totals increased approximately \$2.4 million.

NOTE 6 – INTERFUND LOANS

The city had no interfund loans during 2021.

NOTE 7 – LONG-TERM DEBT

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liability of the City and summarizes the City's debt transactions for year ended December 31, 2021.

The future debt service requirements for general obligation bonds, general obligation debt and revenue debt, including interest, are as follows:

Year	General Obligation Bonded Debt	General Obligation Other Debt	Revenue Bonded Debt	Revenue Other Debt	Total Debt
2022	35,508.00	74,059.58	0.00	353,827.37	463,394.95
2023	35,508.00	75,298.47	0.00	351,744.77	462,551.24
2024	35,508.00	73,548.47	0.00	209,645.06	318,701.53
2025	35,508.00	71,798.22	0.00	208,962.64	316,268.86
2026	35,508.00	51,750.00	0.00	208,280.18	295,538.18
2027-2031	177,540.00	225,500.00	0.00	1,031,164.50	1,434,204.50
2032-2036	177,540.00	0.00	0.00	1,014,103.83	1,191,643.83
2037-2041	131,362.73	0.00	0.00	776,390.00	907,752.73
2042-2046	0.00	0.00	0.00	776,390.00	776,390.00
2047-2051	0.00	0.00	0.00	732,064.37	732,064.37
2052-2056	0.00	0.00	0.00	534,712.00	534,712.00
2057-2061	0.00	0.00	0.00	0.00	0.00
Totals	663,982.73	571,954.74	0.00	6,197,284.72	7,433,222.19

Included on Schedule 09 in 2021 are the Long-Term Liabilities of Compensated Absences. Outstanding compensating absences are those amounts due to employees to buy-out vested leave balances if employment had been discontinued at fiscal year-end. Also included in the 2021 schedule is the city’s liability to the Department of Retirement Systems and Social Security/Medicare. The City of Grandview has policies in place that provide for buy-out of accrued and unused vacation and sick leave time. The liability to Government Funds on 12/31/2021 is \$551,759. The Proprietary Funds liability is \$295,498.

In 2021, the City refunded its library loan, referred as WA. St. Treas. L.O.C.A.L. COP on the Schedule of Liabilities (09). This refunding will reduce total debt service payments over the next 10 years by \$73,000.

In 2015, the City guaranteed the Yakima County SIED loan of Scantlings, LLC, dba Grandview Lumber, a legal separate entity. If Grandview Lumber was unable to make a payment, the City would have been required to meet the obligation. The total amount of outstanding debt subject of this guarantee at the beginning of 2021 was \$323,796.00. Grandview Lumber paid off that amount in 2021.

In 2019, the City began receiving proceeds from Department of Ecology for a Sewer Trunk Main replacement. The proceeds are shown in Schedule 09. Repayment on the loan, however, will not begin until 2022.

In early 2022, the City applied for and received a Department of Health Drinking Water Revolving Fund (DWSRF) loan in the amount of \$3,578,329 to fund Source Well Improvements. Repayment of the loan will begin in 2023.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The city has a commitment to pay for post-employment benefits for retired employees that belong to LEOFF1. LEOFF1 is a closed single employer defined benefit plan administered by the City of Grandview per RCW 41.26. These benefits include medical, vision and long-term care. This is on a pay as you go basis and the plan pays 100% of eligible retiree's healthcare. Seven retirees received benefits during the year and \$58,502.62 was paid out for those benefits. The OPEB liability, which was calculated using the alternative measurement method and shown on Schedule 09, is \$4,070,050.

NOTE 9 – STATE SPONSORED PENSION PLANS

Substantially all City of Grandview full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans:

Public Employees' Retirement System (PERS)
Public Safety Employees' Retirement System (PSERS)
Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)

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

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

Department of Retirement Systems
Communications Unit
P.O. Box 48380
Olympia, WA 98540-8380

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

The City of Grandview 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 ACFR available from the Office of Financial Management website at www.ofm.wa.gov.

At June 30, 2021 (the measurement date of the plans), the City of Grandview’s proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$33,425.59	0.004487	\$54,797
PERS 1 UAAL	\$111,952.45	0.015029	\$183,539
PERS 2/3	\$176,326.44	0.018614	(\$1,854,254)
PSERS 2	\$6,047.83	0.012391	(\$28,467)
LEOFF 1		0.013151	(\$450,496)
LEOFF 2	\$119,580.96	0.059987	(\$3,484,293)
VFFRPF - Fire	\$600.00	0.308452	(\$67,875)

LEOFF Plan 1

The LEOFF Plan 1 is fully funded, and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. Starting on July 1, 2000, employers and employees contribute zero percent.

LEOFF Plan 2

The 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.

The City offers its employees two deferred compensation plans (DCP) created in accordance with Internal Revenue Codes. One plan is with ICMA Retirement Trust. The second plan offered is through the Washington State Department of Retirement Systems (DRS). The DRS administers the Washington State DCP and contracts with a third party (currently ING) for record keeping and other administrative services. The Washington State Investment Board selects and monitors the state DCP’s investment options. These plans are available to all employees. The plans permit employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The City of Grandview does not contribute to this plan.

NOTE 10 - PROPERTY TAXES

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

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

The City's regular levy for 2021 was \$2.638 per \$1,000 on an assessed valuation of \$625,196,614 for a total regular levy of \$1,649,031.

In addition to the regular levy, the City received Excess Levy property taxes from the County for Emergency Medical Services. The levy rate in 2021 was \$0.20405800 per \$1,000 on an assessed valuation of \$625,196,614 for a total E.M.S. excess levy of \$127,576.

NOTE 11 – RISK MANAGEMENT

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

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

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

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

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

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

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

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

NOTE 12 - OTHER DISCLOSURES

PRIOR PERIOD ADJUSTMENT

The City of Grandview was incorrectly recording amortization premium on a municipal bond in previous years. This caused the beginning cash and investments to be understated by \$78,085. The City will now record the premium correctly as interest.

TRANSPORTATION BENEFIT DISTRICT

The City of Grandview created the Grandview Transportation Benefit District (TBD) in 2011 and collection of license tab fees began in 2012. The Grandview City Council acted as the board of directors of the Grandview TBD until December 31, 2015. Ordinance No. 2015-19 was passed, and the City of Grandview assumed all rights, powers, immunities, functions, and obligations of the Grandview TBD, pursuant to the authority of Second Engrossed Substitute Senate Bill 5987 (2ESSB 5987), abolishing the Grandview TBD and repealing Section 2 of Ordinance No. 2011-9.

Total fees collected in 2021 were \$195,021. Revenues from the license tab fees will be used for planned and defined transportation system purposes.

SEWER TRUNK MAIN REPLACEMENT

In 2020, the City of Grandview began construction on a Sewer Trunk Main replacement. The project is expected to cost close to \$6.1 million with most of the funding coming from a Department of Ecology loan and a \$750,000 Community Block Development Grant. Repayment of debt obligation will begin in 2022.

AWC HEALTH INSURANCE

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

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

As of December 31, 2021, 262 cities/towns/non-city entities participate in the AWC Trust HCP.

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

In April 2020, the Board of Trustees adopted a large employer policy, requiring newly enrolling groups with 600 or more employees to submit medical claims experience data in order to receive a quote for

medical coverage. Outside of this, the AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all current members.

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

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2020, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris plans at an individual stop loss (ISL) of \$1.5 million through Commencement Bay Risk Management, and Kaiser ISL at \$1 million with Companion Life through ASG Risk Management. The aggregate policy is for 200% of expected medical claims.

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

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

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

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

<u>ID. No.</u>	<u>Description</u>	<u>Due Date</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
General Obligation Debt/Liabilities						
263.96	Wa.St.Treas. L.O.C.A.L	12/1/2031	370,000	-	30,000	340,000
263.81	Yakima County SIED Loan	6/1/2025	87,775	-	21,157	66,618
251.11	USDA GO Bond - Fire Truck	9/7/2040	491,879	-	19,202	472,677
263.56	PD Copier Lease	12/31/2026	20,400	-	4,080	16,320
263.56	FD Copier Lease	7/1/2025	1,400	-	400	1,000
263.56	City Hall Copier Lease	3/26/2026	22,414	-	5,218	17,196
	Total General Obligation Debt/Liabilities:		993,868	-	80,057	913,811
Revenue and Other (non G.O.) Debt/Liabilities						
263.82	D.W.St.R.F. Loan Well Rehab	10/1/2023	280,034	-	140,017	140,017
263.82	D.W.St.R.F. Loan OIE Water Imp.	10/1/2036	682,432	-	45,496	636,936
263.62	USDA Promisory Note - Water Improvements	11/16/2049	386,890	-	8,542	378,348
263.62	USDA Promisory Note - WWPF	2/13/2055	2,958,824	-	54,435	2,904,389
263.82	DOE SRF Loan 2019 - Sewer Trunk	1/1/2041	298,931	-	-	298,931
263.82	DOE SRF Forgivable Loan 2019 - Sewer Trunk	1/1/2041	298,931	-	-	298,931
263.82	DOE SRF Loan 2020- Sewer Trunk	1/1/2041	2,689,601	955,170	-	3,644,771
263.82	DOE SRF Forgivable Loan 2020 - Sewer Trunk	1/1/2041	97,051	2,949	-	100,000
264.30	Net Pension Liability		238,336	252,437	-	490,773
264.40	OPEB Liability		4,070,050	-	510,836	3,559,214
259.12	Compensated Absences		551,759	-	147,009	404,750
259.12	Compensated Absences		295,498	19,652	-	315,150
	Total Revenue and Other (non G.O.) Debt/Liabilities:		12,848,337	1,230,208	906,335	13,172,210
	Total Liabilities:		13,842,205	1,230,208	986,392	14,086,021

**City of Grandview
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						
263.81	Yakima County SIED Loan	6/1/2025	108,428	-	20,653	87,775
263.81	Yakima County SIED Loan	6/1/2026	323,796	-	323,796	-
263.96	Wa.St.Treas. L.O.C.A.L	11/17/2021	480,000	-	480,000	-
263.96	Wa.St.Treas. L.O.C.A.L	12/1/2031	-	370,000	-	370,000
251.11	USDA GO Bond - Fire Truck	9/7/2040	510,445	-	18,566	491,879
Total General Obligation Debt/Liabilities:			1,422,669	370,000	843,015	949,654
Revenue and Other (non G.O.) Debt/Liabilities						
263.82	D.W.St.R.F. Loan Well Rehab	10/1/2023	420,052	-	140,018	280,034
263.82	D.W.St.R.F. Loan OIE Water Imp.	10/1/2036	727,928	-	45,496	682,432
263.62	USDA Promisory Note - Water Improvements	11/16/2049	395,154	-	8,264	386,890
263.62	USDA Promisory Note - WWPF	2/13/2055	3,011,625	-	52,801	2,958,824
263.82	DOE SRF Loan 2019 - Sewer Trunk	1/1/2041	298,931	-	-	298,931
263.82	DOE SRF Forgivable Loan 2019 - Sewer Trunk	1/1/2041	298,931	-	-	298,931
263.82	DOE SRF Loan 2020- Sewer Trunk	1/1/2041	838,062	1,851,539	-	2,689,601
263.82	DOE SRF Forgivable Loan 2020 - Sewer Trunk	1/1/2041	33,254	63,797	-	97,051
264.30	Net Pension Liability		771,660	-	533,324	238,336
264.40	OPEB Liability		3,438,427	631,623	-	4,070,050
259.12	Compensated Absences		512,061	39,698	-	551,759
259.12	Compensated Absences		302,350	-	6,852	295,498
Total Revenue and Other (non G.O.) Debt/Liabilities:			11,048,435	2,586,657	786,755	12,848,337
Total Liabilities:			12,471,104	2,956,657	1,629,770	13,797,991

ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

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

Stay connected at sao.wa.gov

- [Find your audit team](#)
- [Request public records](#)
- Search BARS Manuals ([GAAP](#) and [cash](#)), and find [reporting templates](#)
- Learn about our [training workshops](#) and [on-demand videos](#)
- Discover [which governments serve you](#) — enter an address on our map
- Explore public financial data with the [Financial Intelligence Tool](#)

Other ways to stay in touch

- Main telephone:
(564) 999-0950
- Toll-free Citizen Hotline:
(866) 902-3900
- Email:
webmaster@sao.wa.gov