



Office of the Washington State Auditor  
Pat McCarthy

# Financial Statements and Federal Single Audit Report

## City of Arlington

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

*Published September 28, 2023*

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

September 28, 2023

Mayor and City Council  
City of Arlington  
Arlington, Washington

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

Please find attached our report on the City of Arlington's financial statements and compliance with federal laws and regulations.

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

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

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# SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

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

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

#### Financial Statements

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

Internal Control over Financial Reporting:

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

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

#### Federal Awards

Internal Control over Major Programs:

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

We issued an unmodified opinion on the City’s compliance with requirements applicable to 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>
20.106	COVID-19 – Airport Improvement Program, COVID-19 – Airports Programs, and Infrastructure Investment and Jobs Act Programs
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

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

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

## SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

## SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

## INDEPENDENT AUDITOR'S REPORT

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

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

Mayor and City Council  
City of Arlington  
Arlington, 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 Arlington, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated September 26, 2023.

We issued an unmodified opinion on the fair presentation of the City's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared by the City using accounting practices prescribed by state law and the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) Manual described in Note 1, which is a basis of accounting other than GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

## **REPORT ON COMPLIANCE AND OTHER MATTERS**

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

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

## **PURPOSE OF THIS REPORT**

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

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

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large, sweeping initial "P".

Pat McCarthy, State Auditor

Olympia, WA

September 26, 2023

# INDEPENDENT AUDITOR'S REPORT

## Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

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

Mayor and City Council  
City of Arlington  
Arlington, Washington

### **REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM**

#### **Opinion on Each Major Federal Program**

We have audited the compliance of the City of Arlington, with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2022. The City's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

#### **Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on

compliance for each major federal program. Our audit does not provide a legal determination on the City's compliance with the compliance requirements referred to above.

### **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

Performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed; and

- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

### **Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other

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

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large initial "P" and "M".

Pat McCarthy, State Auditor

Olympia, WA

September 26, 2023

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

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

Mayor and City Council  
City of Arlington  
Arlington, Washington

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Unmodified and Adverse Opinions

We have audited the financial statements of the City of Arlington, as of and for the year ended December 31, 2022, and the related notes to the financial statements, as listed in the financial section of our report.

### Unmodified Opinion on the Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, the City has prepared these financial statements to meet the financial reporting requirements of state law and accounting practices prescribed by the State Auditor's *Budgeting, Accounting and Reporting System (BARS) Manual*. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash and investments of the City of Arlington, and its changes in cash and investments, for the year ended December 31, 2022, on the basis of accounting described in Note 1.

### Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion, they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Arlington, as of December 31, 2022, or the changes in financial position or cash flows thereof for the year then ended, because of the significance of the matter discussed below.

## **Basis for Unmodified and Adverse Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit unmodified and adverse opinions.

## **Matter Giving Rise to Adverse Opinion on U.S. GAAP**

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. As described in Note 1 of the financial statements, the financial statements are prepared by the City in accordance with state law using accounting practices prescribed by the BARS Manual, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of state law and the BARS Manual described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and

*Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time; and
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Schedule of Liabilities is also presented for purposes of additional analysis, as required by the prescribed BARS Manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and

certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2023 on our consideration of the City's internal control over financial reporting and on the tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large, stylized initial "P".

Pat McCarthy, State Auditor

Olympia, WA

September 26, 2023

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

**FINANCIAL STATEMENTS**

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

**SUPPLEMENTARY AND OTHER INFORMATION**

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

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

		<b>Total for All Funds (Memo Only)</b>	<b>001 General Fund</b>	<b>101 Street Fund</b>	<b>107 Growth Management Fund</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	62,681,168	16,874,482	495,255	6,089,030
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	20,864,998	16,940,947	-	-
320	Licenses and Permits	1,232,665	1,232,665	-	-
330	Intergovernmental Revenues	10,639,852	4,510,158	416,368	-
340	Charges for Goods and Services	23,422,065	2,281,618	74,357	1,178,272
350	Fines and Penalties	154,862	75,502	-	-
360	Miscellaneous Revenues	1,612,244	357,554	4,741	40,832
Total Revenues:		57,926,686	25,398,444	495,466	1,219,104
<b>Expenditures</b>					
510	General Government	5,882,790	4,652,375	-	-
520	Public Safety	8,139,185	8,011,158	-	-
530	Utilities	7,909,771	10,170	-	-
540	Transportation	4,033,234	-	987,586	-
550	Natural/Economic Environment	2,819,821	2,734,633	-	-
560	Social Services	397,036	397,036	-	-
570	Culture and Recreation	57,032	27,525	-	-
Total Expenditures:		29,238,869	15,832,897	987,586	-
Excess (Deficiency) Revenues over Expenditures:		28,687,817	9,565,547	(492,120)	1,219,104
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	10,544,095	101,032	571,627	370,163
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	975,735	357,571	-	-
Total Other Increases in Fund Resources:		11,519,830	458,603	571,627	370,163
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	18,687,332	1,534,950	-	-
591-593, 599	Debt Service	3,636,377	1,097,902	-	-
597	Transfers-Out	10,544,095	6,319,095	84,537	2,149,859
585	Special or Extraordinary Items	1,000,000	-	-	-
581, 582, 589	Other Uses	489,505	12,225	-	-
Total Other Decreases in Fund Resources:		34,357,309	8,964,172	84,537	2,149,859
<b>Increase (Decrease) in Cash and Investments:</b>		<b>5,850,338</b>	<b>1,059,978</b>	<b>(5,030)</b>	<b>(560,592)</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	349,021	-	-	-
50831	Restricted	24,993,781	8,517,387	490,226	5,528,438
50841	Committed	1,892,137	1,772,347	-	-
50851	Assigned	34,137,737	485,896	-	-
50891	Unassigned	7,158,832	7,158,832	-	-
<b>Total Ending Cash and Investments</b>		<b>68,531,508</b>	<b>17,934,462</b>	<b>490,226</b>	<b>5,528,438</b>

The accompanying notes are an integral part of this statement.

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

		<u>108 Emer Med Servcs Fund</u>	<u>111 Public Art Fund</u>	<u>114 Lodging Tax Fund</u>	<u>116 Cemetery Fund</u>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	466,885	173,416	194,722	241,691
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	20,156	-	149,062	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	422,450	-	-	-
340	Charges for Goods and Services	43,283	-	-	438,252
350	Fines and Penalties	1,101	-	-	-
360	Miscellaneous Revenues	2,300	1,053	1,746	2,117
Total Revenues:		<u>489,290</u>	<u>1,053</u>	<u>150,808</u>	<u>440,369</u>
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	128,027	-	-	-
530	Utilities	-	-	-	320,247
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	85,188	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	607	-	-
Total Expenditures:		<u>128,027</u>	<u>607</u>	<u>85,188</u>	<u>320,247</u>
Excess (Deficiency) Revenues over Expenditures:		<u>361,263</u>	<u>446</u>	<u>65,620</u>	<u>120,122</u>
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	540,381	48,000	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		<u>540,381</u>	<u>48,000</u>	<u>-</u>	<u>-</u>
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	102,071	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	368,529	-	-	163,269
585	Special or Extraordinary Items	1,000,000	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		<u>1,368,529</u>	<u>102,071</u>	<u>-</u>	<u>163,269</u>
<b>Increase (Decrease) in Cash and Investments:</b>		<b><u>(466,885)</u></b>	<b><u>(53,625)</u></b>	<b><u>65,620</u></b>	<b><u>(43,147)</u></b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	260,341	-
50841	Committed	-	119,790	-	-
50851	Assigned	-	-	-	198,545
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b><u>-</u></b>	<b><u>119,790</u></b>	<b><u>260,341</u></b>	<b><u>198,545</u></b>

The accompanying notes are an integral part of this statement.

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

		180 Transportation Sales Tax Fund	303 REET 1 Fund	304 REET 2 Fund	305 Capital Facil/Bldg Fund
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	2,156,543	1,707,742	2,055,446	2,734,195
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	2,318,557	729,656	706,620	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	266,657	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	21,523	13,913	16,635	28,085
Total Revenues:		2,606,737	743,569	723,255	28,085
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	-	-
Excess (Deficiency) Revenues over Expenditures:		2,606,737	743,569	723,255	28,085
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	5,150,018
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	5,150,018
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	1,413,989	-	-	303,127
591-593, 599	Debt Service	-	222,638	227,000	-
597	Transfers-Out	-	50,000	-	540,381
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		1,413,989	272,638	227,000	843,508
<b>Increase (Decrease) in Cash and Investments:</b>		<b>1,192,748</b>	<b>470,931</b>	<b>496,255</b>	<b>4,334,595</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	3,349,290	2,178,673	2,551,701	-
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	7,068,792
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>3,349,290</b>	<b>2,178,673</b>	<b>2,551,701</b>	<b>7,068,792</b>

The accompanying notes are an integral part of this statement.

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

		<b>306 Bond Construction Fund</b>	<b>310 Transport Improv Fund</b>	<b>311 Park Improvement Fund</b>	<b>316 Cemetery Cap Impr Fund</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	1,107,812	460,153	18,353	51,058
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	2,021,081	43,169	-
340	Charges for Goods and Services	-	-	747	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	7,639	1,928	922	358
Total Revenues:		7,639	2,023,009	44,838	358
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	54,001	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	582	-
Total Expenditures:		-	54,001	582	-
Excess (Deficiency) Revenues over Expenditures:		7,639	1,969,008	44,256	358
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	2,205,628	964,837	30,000
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	4,333	-	-
Total Other Increases in Fund Resources:		-	2,209,961	964,837	30,000
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	60,713	4,124,939	1,006,057	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	370,163	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		60,713	4,495,102	1,006,057	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(53,074)</b>	<b>(316,133)</b>	<b>3,036</b>	<b>30,358</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	1,054,737	-	-	-
50841	Committed	-	-	-	-
50851	Assigned	-	144,020	21,390	81,416
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>1,054,737</b>	<b>144,020</b>	<b>21,390</b>	<b>81,416</b>

The accompanying notes are an integral part of this statement.

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

		<b>320 Equip Rental Replac Fund</b>	<b>402 Airport Fund</b>	<b>403 Water Utilities Fund</b>	<b>404 Sewer Utilities Fund</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	2,239,581	3,745,951	10,696,943	9,888,813
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	2,861,408	-	-
340	Charges for Goods and Services	43,220	3,021,842	5,851,245	7,380,018
350	Fines and Penalties	-	14,876	24,134	32,960
360	Miscellaneous Revenues	515,148	431,456	88,247	64,018
Total Revenues:		558,368	6,329,582	5,963,626	7,476,996
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	3,383,238	3,451,110
540	Transportation	-	2,370,199	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	2,370,199	3,383,238	3,451,110
Excess (Deficiency) Revenues over Expenditures:		558,368	3,959,383	2,580,388	4,025,886
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	453,294	-	30,000	30,000
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	48,013	548,905	16,913	-
Total Other Increases in Fund Resources:		501,307	548,905	46,913	30,000
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	1,335,232	2,783,206	1,441,565	4,342,160
591-593, 599	Debt Service	-	60,600	-	2,028,237
597	Transfers-Out	-	88,009	68,244	118,142
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	460,417	16,863	-
Total Other Decreases in Fund Resources:		1,335,232	3,392,232	1,526,672	6,488,539
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(275,557)</b>	<b>1,116,056</b>	<b>1,100,629</b>	<b>(2,432,653)</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	1,022,699
50841	Committed	-	-	-	-
50851	Assigned	1,964,024	4,862,003	11,797,572	6,433,465
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>1,964,024</b>	<b>4,862,003</b>	<b>11,797,572</b>	<b>7,456,164</b>

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

		<u>412 Storm Water Mgmt Fund</u>	<u>504 P W Facilities M&amp;O Fund</u>	<u>702 Cemetery Endowment</u>
<b>Beginning Cash and Investments</b>				
308	Beginning Cash and Investments	909,318	21,189	352,590
388 / 588	Net Adjustments	-	-	-
<b>Revenues</b>				
310	Taxes	-	-	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	94,188	4,373	-
340	Charges for Goods and Services	1,119,334	1,989,877	-
350	Fines and Penalties	6,289	-	-
360	Miscellaneous Revenues	6,216	3,208	2,605
Total Revenues:		<u>1,226,027</u>	<u>1,997,458</u>	<u>2,605</u>
<b>Expenditures</b>				
510	General Government	-	1,230,415	-
520	Public Safety	-	-	-
530	Utilities	745,006	-	-
540	Transportation	-	621,448	-
550	Natural/Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	28,318	-
Total Expenditures:		<u>745,006</u>	<u>1,880,181</u>	<u>-</u>
Excess (Deficiency) Revenues over Expenditures:		481,021	117,277	2,605
<b>Other Increases in Fund Resources</b>				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	15,000	-	34,115
385	Special or Extraordinary Items	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-
Total Other Increases in Fund Resources:		<u>15,000</u>	<u>-</u>	<u>34,115</u>
<b>Other Decreases in Fund Resources</b>				
594-595	Capital Expenditures	239,323	-	-
591-593, 599	Debt Service	-	-	-
597	Transfers-Out	154,012	69,855	-
585	Special or Extraordinary Items	-	-	-
581, 582, 589	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		<u>393,335</u>	<u>69,855</u>	<u>-</u>
<b>Increase (Decrease) in Cash and Investments:</b>		<b><u>102,686</u></b>	<b><u>47,422</u></b>	<b><u>36,720</u></b>
<b>Ending Cash and Investments</b>				
50821	Nonspendable	-	-	349,021
50831	Restricted	-	-	40,289
50841	Committed	-	-	-
50851	Assigned	1,012,001	68,613	-
50891	Unassigned	-	-	-
<b>Total Ending Cash and Investments</b>		<b><u>1,012,001</u></b>	<b><u>68,613</u></b>	<b><u>389,310</u></b>

The accompanying notes are an integral part of this statement.

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

		<b>Total for All Funds (Memo Only)</b>	<b>Private-Purpose Trust</b>	<b>Custodial</b>
308	Beginning Cash and Investments	80,375	79,023	1,352
388 & 588	Net Adjustments	-	-	-
310-390	Additions	85,927	7,980	77,947
510-590	Deductions	80,021	2,010	78,011
	Net Increase (Decrease) in Cash and Investments:	5,906	5,970	(64)
508	Ending Cash and Investments	86,283	84,994	1,289

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

## **NOTES TO FINANCIAL STATEMENTS**

### **CITY OF ARLINGTON**

**Period Ending December 31, 2022**

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

The City of Arlington was incorporated in 1903 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 police services, planning and engineering, street construction and maintenance, parks and recreation services, health and social services and general administrative services. In addition, the city owns and operates a cemetery, a water & sewer system, a storm water management system and an airport.

The City of Arlington 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 financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed but are not included in the financial statements (see Note 3).
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances for proprietary and fiduciary funds are presented using classifications that are different from the ending net position classifications in GAAP.

#### **A. Fund Accounting**

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

#### **GOVERNMENTAL FUND TYPES:**

##### **General Fund**

This fund is the primary operating fund of the 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.

### **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.

### **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.

### **Internal Service Funds**

These funds account for operations that provide goods or services to other departments or funds of the government on a cost reimbursement basis.

## **FIDUCIARY FUND TYPES:**

### **Fiduciary Funds**

Account for assets held by the government in a trustee capacity or as a custodian 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 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 Arlington 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 4 - Deposits and Investments.*

#### **D. Capital Assets**

Capital assets are assets with an initial individual cost of more than \$ 7,500 and an estimated useful life in excess of 1 year. Capital assets and inventory and recorded as capital expenditures when purchased.

#### **E. Compensated Absences**

Vacation leave may be accumulated up to 300 hours. (American Federation of State, Counties and Municipal Employees (AFSCME) Union, the Arlington Police Officer's Association (APOA) and Regular Non-represented employees).

AFSCME employees accrue sick leave at the rate of 8 hours per completed calendar month of continuous employment. No employee shall carry over a balance greater than one thousand (1,000) hours into the next calendar year. Any sick leave accrued over one thousand (1,000) hours as of December 31st each year shall be cashed out at the rate of one third (1/3) of such leave and such amount shall be deposited into the employee's HRA VEBA account.

Arlington Police Officer's Association (APOA) employees accrue sick leave at the rate of 12 hours per month of service. No employee shall carry over a balance greater than one thousand (1,000) hours into the next calendar year. Any sick leave accrued over one thousand (1,000) hours as of December 31st each year shall be cashed out at the rate of one third (1/3) of such leave and such amount shall be deposited into the employee's HRA VEBA account.

Regular Non-represented employees accrue sick leave at the rate of 8 hours per month and can accrue up to one thousand two hundred (1,200) hours per year.

In no event shall Regular, AFSCME or APOA Employee's combined sick leave and vacation benefits payable upon termination/retirement exceed 240 hours.

Payments are recognized when expenditures are paid.

#### **F. Long-Term Debt**

*\*See Note 6 - Debt Service Requirements.*

**G. Restricted and Committed Portion of Ending Cash and Investments**

In 2022, 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 Ordinance or Resolution. When expenditures that meet restrictions occurred, the City of Arlington intends to use the most restricted resources first. Restrictions and commitments of Ending Cash and Investments consist of \$26,885,918.

<b>Fund</b>	<b>Restricted</b>	<b>Committed</b>	<b>Purpose - Source of Restrictions</b>
001	\$ 73,384		Affordable Housing; RCW 82.14.540
		\$ 1,772,347	Reserve Policy; Resolution 2019-012
	\$ 4,613,160		CED Permitting; Revenues RCW 82.02.020
	\$ 3,788,859		ARPA Funding - Federal Grant; City received grant proceeds up front.
	\$ 41,983		Opioid Settlement - Washington State settlement
001	\$ 8,517,386	\$ 1,772,347	
101	490,226.41		Street Department; RCW 47.24.040 Motor Vehicle Fuel Taxes
107	5,528,438.48		Road Projects; RCW 82.02.050 Mitigation Fees
111		119,789.82	Public Art Fund; Ordinance NO.2019-003 from Construction Sales Tax - Council
114	260,341.21		Tourism Promotion; Lodging Sales Tax - RCW 67.28.180
180	3,349,289.58		Road Projects; Voter approved RCW 82.14.510
303	2,178,673.02		Capital Projects; RCW 82.46.010 Sales Tax
304	2,551,701.43		Financing Capital Projects - RCW 82.46.035
306	1,054,737.44		Bond Revenues - Police Impound Building/PW M&O
404	1,022,698.57		Debt Bonds - Reserve Requirements per bonding company
702	\$ 40,289		Cemetery Endowment Care - RCW 2.80.060 Interest only
<b>Totals</b>	<b>\$ 24,993,781</b>	<b>\$ 1,892,137</b>	<b>\$ 26,885,918</b>

## Note 2 - Budget Compliance

The City of Arlington adopts biennial appropriated budgets for all funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Biennial appropriations for these funds lapse at the fiscal year end. Biennial appropriated budgets are adopted on the same basis of accounting as used for financial reporting. Non-expenditure type account numbers are used in some funds.

The appropriated and actual expenditures for the legally adopted budgets for 2022 were as follows; which includes the final budget amendment adopted by Ordinance 2022-039 on December 5th, 2022.

	2022 Budget - All Funds		
	Budget	Actual	Variance
	<i>Final Appropriated Amounts</i>	Expenses	
001-General Fund	\$ 25,538,878	\$ 23,309,845	\$ 2,229,033
004-General Mandatory Reserve Fund	\$ -	\$ -	\$ -
005-Program Development Fund	\$ 50,000	\$ 49,738	\$ 262
006-CED Permitting	\$ 3,500,000	\$ 2,118,746	\$ 1,381,254
007-American Rescue Plan Supplies	\$ 2,037,935	\$ 1,626,537	\$ 411,398
008-Opioid Settlement	\$ -	\$ -	\$ -
105-Health Services Fund	\$ 5,000	\$ 5,000	\$ -
<b>Total 001- General Fund</b>	<b>\$ 31,131,813</b>	<b>\$ 27,109,866</b>	<b>\$ 4,021,947</b>
101-Street Maintenance Fund	\$ 1,237,034	\$ 1,072,122	\$ 164,912
107-Growth Fund	\$ 3,215,426	\$ 2,149,859	\$ 1,065,567
108-Emergency Medical Services Fund	\$ 1,525,620	\$ 1,496,556	\$ 29,064
111-Public Art Fund	\$ 145,530	\$ 102,679	\$ 42,851
114-Lodging Tax Fund	\$ 157,115	\$ 85,188	\$ 71,927
116-Cemetery Fund	\$ 528,993	\$ 483,516	\$ 45,477
180-Transportation Sales Tax Fund	\$ 1,734,534	\$ 1,413,990	\$ 320,544
303- REET I Fund	\$ 422,638	\$ 272,638	\$ 150,001
304-REET II Fund	\$ 227,550	\$ 227,000	\$ 550
305-Capital Facilities/Building Fund	\$ 862,760	\$ 843,507	\$ 19,253
306-Bond Construction Fund	\$ 1,400,000	\$ 60,713	\$ 1,339,287
310-Transportation Improvement Fund	\$ 6,545,602	\$ 4,549,103	\$ 1,996,499
311-Park Improvement Fund	\$ 1,012,605	\$ 1,006,639	\$ 5,966
312-Library Capital Improvement Fund	\$ -	\$ -	\$ -
316-Cemetery Capital Improvement Fund	\$ -	\$ -	\$ -
320-Equipment Replacement Fund	\$ 4,237,474	\$ 1,335,233	\$ 2,902,241
			\$ -
402-Airport Fund	\$ 5,061,903	\$ 4,470,317	\$ 591,586
410-Airport Reserve Fund	\$ 350,000	\$ -	\$ 350,000
413-Airport CIP Fund	\$ 3,310,110	\$ 2,430,285	\$ 879,825
<b>Total 402 - Airport Fund</b>	<b>\$ 8,722,013</b>	<b>\$ 6,900,602</b>	<b>\$ 1,821,411</b>
			\$ -
403-Water Utilities Fund	\$ 4,014,627	\$ 4,012,273	\$ 2,354
405-Water Improvement Fund	\$ 4,580,000	\$ 1,597,636	\$ 2,982,364
<b>Total 403-Water Utility Fund</b>	<b>\$ 8,594,627</b>	<b>\$ 5,609,910</b>	<b>\$ 2,984,717</b>
404-Sewer Utilities Fund	\$ 5,934,829	\$ 5,933,192	\$ 1,637
406-Sewer Improvement Fund	\$ 6,688,904	\$ 4,386,453	\$ 2,302,451
411-Sewer Bond Fund			\$ -
<b>Total 404-Sewer Utility Fund</b>	<b>\$ 12,623,733</b>	<b>\$ 10,319,645</b>	<b>\$ 2,304,088</b>
409-Stormwater CIP Fund	\$ 720,000	\$ 238,907	\$ 481,093
412-Stormwater Management Fund	\$ 1,051,507	\$ 1,049,436	\$ 2,071
<b>Total 412-Stormwater Fund</b>	<b>\$ 1,771,507</b>	<b>\$ 1,288,343</b>	<b>\$ 483,164</b>
504-Maintenance & Oerations Fund	\$ 2,012,998	\$ 1,950,033	\$ 62,965
622-Cemetery Pre-Need Trust Fund	\$ 5,400	\$ 2,010	\$ 3,390
633-City Fiduciary Fund	\$ 137,000	\$ 78,008	\$ 58,992
702-Cemetery Endowment Fund	\$ -	\$ -	\$ -
	<b>\$ 88,251,972</b>	<b>\$ 68,357,158</b>	<b>\$ 19,894,814</b>

Budgeted amounts are authorized to be transferred between departments within any fund or object classes within a department; however, any revisions that alter the total expenditures of a fund, or affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City Council. The City Council also approves all expenditures for payroll and claims.

**Budget Variance:**

**001-General Fund:**

- \$315,000 plan review services less than projected. Timing of projects, permit and plan review is hard to predict.
- \$146,000 information technology expenses less than projected due to unfilled IT manager position.
- \$96,000 finance department expenses less than projected due to staff turnover, audit and election costs less than budgeted.
- \$91,000 LEOFF 1 retiree medical costs less than projected. Budgeted for 5 retirees, 1 expired in 2022.
- \$1.1 million for the police department budget is mostly related to staff turnover and unfilled positions throughout the year. The position vacancy rate was approximately 25% in 2022.
- \$1.3 million transfer from managerial fund 006 into general fund 001 was less than expected because plan review services were less than projected.

**107-Growth Fund:**

- \$1 million transfer to transportation improvement was less than projected because of project delays due to project pending grant award, supply chain issues or other shortage of resources. See specific project list under Fund 310 below.

**306-Bond Construction Fund:**

- \$1.3 million– maintenance and operation facility and police impound facility project delayed pending final scope of work. Project is expected to be in design phase in 2023.

**310-Transportation Improvement Fund:**

- \$641,470 – Smokey Point Blvd Corridor: Project is ongoing, not as much work done in 2022 as was anticipated. Will be completed in 2023.
- \$650,000 – Sidewalk/Trail project: Grant funded; federal construction funding availability has been moved to 2024.
- \$729,124 – 74<sup>th</sup>/204<sup>th</sup> Signal project: Project was budgeted pending funding; funding was not available, so we did not do the project.

**320-Equipment Replacement Fund:**

- \$2.9 million for sewer membrane replacements. Project was originally budgeted in the equipment replacement fund but because there were other sewer related elements to the project, it was expensed out of the sewer improvement fund.

**402- Airport Fund**

- \$350,000 solar project, grant was not awarded.
- \$205,000 southwest parking lot area project delayed pending development of scope of work.

**413-Airport CIP (FAA) Fund:**

- \$879,825 Runway 16/34 mill and overlay project came in less than budgeted.

**405-Water Improvement Fund:**

- \$1,977,766 – Water treatment plant expansion delayed due to staffing shortages; project moved to 2022/2023. Design began in 2022.
- \$728,976 – Water well system construction: Project delayed due to GE Reservoir being offline because of roof collapse.

**406-Sewer Improvement Fund:**

- \$596,466 – Lift station improvements: Project deferred to 2023 or 2024 due to workload
- \$702,671 – Sewer main replacement: Project 67<sup>th</sup> Ave Sewer project was delayed to 2023.
- \$247,681 – Sewer WRF equalizing basin: Project under budget, completed early 2023.

**Note 3 – Component Units, Joint Ventures and Related Parties**

**Snohomish County 911:**

The City of Arlington and other Police and Fire entities jointly operate SNOHOMISH COUNTY 911. SNOHOMISH COUNTY 911, a cash basis, special purpose district, was created under the Interlocal Cooperation Act, as codified in RCW 39.34. This established the statutory authority necessary for Snohomish County, the cities, towns, fire districts, police districts and other service districts to enter into a contract and agreement to jointly establish, maintain and operate a support communications center. Control of SNOHOMISH COUNTY 911 is with a 16-member Board of Directors which is specified in the Interlocal Agreement. SNOHOMISH COUNTY 911 takes 911 calls and performs emergency dispatch services for local governmental agencies including police, fire and medical aid.

In the event of the dissolution of SNOHOMISH COUNTY 911, any money in the possession of SNOHOMISH COUNTY 911 or the Board of Directors after payment of all costs, expenses and charges validly incurred under this Agreement shall be returned to the parties of this Agreement and shall be apportioned between Principals based on the ratio that the average of each Principals' contributions to the operating budget over the preceding five (5) years bears to the total of all then remaining Principals' User Fees paid during such five-year period. Before deducting the payment of all costs, expenses and charges validly incurred, the City of Arlington's share was \$457,684 on December 31, 2022.

Snohomish County 911's 2022 operating budget was \$26,034,697, operating revenues received were \$26,904,022 and total operating expenditures were \$25,119,101. Complete financial statements for SNOHOMISH COUNTY 911 can be obtained from SNOHOMISH COUNTY 911's administrative office at 1121 SE Everett Mall Way, Suite 200, Everett, WA 98208.

**AHA – Alliance for Housing Affordability:**

In September 2013, the City of Arlington joined the cities of Edmonds, Everett, Granite Falls, Lake Stevens, Lynnwood, Marysville, Mill Greek, Mountlake Terrace, Mukilteo, and Snohomish, the Town of Woodway, and Snohomish County to establish the Alliance for Housing Affordability (AHA). The agreement was amended in May 2014 to add the City of Arlington and in June 2014 to add the City of Stanwood.

The purpose of AHA is to cooperatively formulate affordable housing goals and policies and to foster efforts to provide affordable housing by providing expertise and information to member jurisdictions. Operating funding is provided by the member cities.

AHA is governed by a Joint Board composed of an elected official from each member. The Joint Board is responsible for review and approval of all budgetary, financial, policy, and contractual matters. The Board is assisted by an administrative staff housed at the Housing Authority for Snohomish County (HASCO). Fiscal agent duties were transferred to HASCO during fiscal year 2018. The values included in the table below were audited and updated by the new fiscal agent and may be different than what was reported in previous years.

Each member city is responsible for contributing operating revenues as determined from the AHA annual budget. Contributions from the member cities are based on each member's population. A grant from the Gates Foundation provided \$50,000 to assist with the first two years of organizational start-up. The City of Arlington's equity share to date is:

Fiscal Year 7/1 –6/30	AHA's Total Fiscal Year Budget	City of Arlington's Share of Budget	City of Arlington's Share as % of Total AHA Budget
<b>2014</b>	\$89,850	\$1,074	1.20%
<b>2015</b>	\$92,543	\$1,089	1.18%
<b>2016</b>	\$93,651	\$1,617	1.73%
<b>2017</b>	\$97,934	\$1,754	1.79%
<b>2018</b>	\$102,586	\$1,876	1.83%
<b>2019</b>	\$107,391	\$1,968	1.83%
<b>2020</b>	\$112,408	\$2,016	1.79%
<b>2021</b>	\$117,673	\$2,042	1.73%
<b>2022</b>	\$118,200	\$2,150	1.81%

Members withdrawing from the agreement relinquish all rights to any reserve funds, equipment, or material purchased. Upon dissolution, the agreement provides for distribution of net assets among the members based on the percentage of the total annual contributions during the period of the Agreement paid by each member.

Budget monitoring information can be obtained from Pam Frost, Director of Finance, HASCO, 12711 4<sup>th</sup> Ave W, Everett WA 98204 (email: [pfrost@hasco.org](mailto:pfrost@hasco.org)) or from Chris Collier, Program Manager, Alliance for Housing Affordability, 12711 4<sup>th</sup> Ave W, Everett WA 98204.

**Note 4 – Deposits and Investments**

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

Type of Investment	City's Own Investment	Investment held by City as a agent	Deposits and investments held as custodian for other local governments, individuals, or private organizations	Balance
Bank Deposits	\$ 2,091,102		\$ 86,283	\$ 2,177,385
L.G.I.P.	\$ 3,627,601			\$ 3,627,601
Banner Reserve	\$ 2,076,021			\$ 2,076,021
U.S. Government Securities	\$ 59,358,022			\$ 59,358,022
Municipal Securities	\$ 1,378,761			\$ 1,378,761
	<b>\$ 68,531,507</b>		<b>\$ 86,283</b>	<b>\$ 68,617,790</b>

All investments are insured, registered or held by the City of Arlington or its agent in the government’s name. As of 12/31/22, bank deposits include petty cash fund and departments cash drawers for daily cash transactions.

It is the City of Arlington’s policy to invest all temporary cash surpluses. The interest on these investments is recorded when received and prorated to the various funds.

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

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

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

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

**Note 5 – Inter-fund Loans**

The following table displays interfund loan activity during 2022:

2022 Interfund Loans					
Borrowing Fund	Lending Fund	Loan Balance 1/1/2022	New Loans	Repayments	Principal Balance 12/31/2022
General Fund	Airport	\$ 1,629,613	\$ -	\$ 104,178	\$ 1,525,672
<b>Total</b>		<b>\$ 1,629,613</b>	<b>\$ -</b>	<b>\$ 104,178</b>	<b>\$ 1,525,672</b>

**Note 6 – Long-Term Debt**

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

2022-Annual Report	G.O. DEBT PRINCIPAL	G.O. DEBT INTEREST	OTHER DEBT PRINCIPAL	OTHER DEBT INTEREST
2023	\$ 1,066,237	\$ 525,791	\$ 1,780,930	\$ 242,690
2024	\$ 1,071,671	\$ 485,157	\$ 1,804,598	\$ 214,145
2025	\$ 1,077,233	\$ 446,196	\$ 1,828,961	\$ 184,903
2026	\$ 1,117,925	\$ 728,518	\$ 1,854,040	\$ 154,946
2027	\$ 1,168,752	\$ 533,707	\$ 1,486,310	\$ 124,252
2028-2032	\$ 5,126,058	\$ 1,408,575	\$ 3,908,806	\$ 202,695
2033-2037	\$ 3,728,677	\$ 422,637		
2038-2042	\$ 1,082,442	\$ 44,074		
<b>Total</b>	<b>\$ 15,438,995</b>	<b>\$ 4,594,655</b>	<b>\$ 12,663,645</b>	<b>\$ 1,123,631</b>

**Debt Agreement Terms**

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

Debt	Clause
Public Works Trust Fund Loans.	Any payments not received within thirty days of the due date shall be declared delinquent. Delinquent payments shall be assessed a daily penalty at 12% per annum calculated on a 360-day year delinquent amount.

## **Note 7 – Other Post Employment Benefit Plans (OPEB):**

The City has a commitment to pay for post-employment benefits (OPEB) for employees that belong to the Law Enforcement Officers and Fire Fighters Pension (LEOFF) Plan 1 (commonly referred to LEOFF 1). These benefits, per the Revised Code of Washington Chapter 41.26.150 include the payment of medical costs and nursing care. The plan pays for 100% of eligible retirees' healthcare costs on a pay-as-you-go basis. The city's OPEB plan is a defined benefit plan, and the City of Arlington is the plan administrator. Total Liability in 2022 \$617,826.

Five LEOFF 1 retirees received benefits up until August 2022, four remaining LEOFF 1 retirees received benefits through December 2022. The City paid \$71,422.13 for those benefits in 2022. Payments are broken down as; \$57,325.12 in medical reimbursements and \$14,097.01 to LEOFF Health & Welfare Trust for medical premiums.

## **Note 8 – Pension Plans**

### **State Sponsored Pension Plans**

Substantially all city full time and qualifying part time employees participate in the Public Employees Retirement System (PERS) Plan 1, 2 or Plan 3 or the Law Enforcement Officers retirement plans, administered by the Department of Retirement Systems, 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. Contributions to the system by both employees and employer are based upon gross wages covered by plan benefits.

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

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

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

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

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

Plan	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$279,859	0.045664%	\$1,271,453
PERS 2/3	\$478,354	0.059543%	(\$2,208,319)
LEOFF 1	N/A	0.012660%	(\$363,166)
LEOFF 2	\$208,038	0.100487%	(\$2,730,933)
VFFRPF		0.03%	\$8,918.90

**LEOFF Plan 1**

**Local Government Pension Plans**

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

**LEOFF Plan 2**

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

**Deferred Compensation**

Beginning January 1, 2021, as per the agreement between the City of Arlington and the Arlington Police Officer’s Association (APOA), the city shall match 1% of the gross base wage (consisting of base salary and education incentive only) of each participating bargaining unit member’s contribution into the Washington State Deferred Compensation Program. As of December 31, 2022, the city paid a total of \$19,365.57 in deferred compensation for 27 participating members.

Beginning January 1, 2024, the match will increase to 2%.

## **Note 9 - Property Tax**

The Snohomish County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are usually distributed monthly by the 10<sup>th</sup>.

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 of Arlington's regular levy for the year 2022 was \$.75 per \$1,000 on an assessed valuation of \$3,669,525,566 for a total regular levy of \$2,750,000. In 2022, the city reduced its property tax levy as a result of the annexation of the fire department into North County Regional Fire Authority in August 2021. The tax levy rate in 2021 was \$1.34 for a total regular levy of \$4,497,963.52.

## **Note 10 – Risk Management**

The City of Arlington 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 – Leases**

During the year ended 2022, the City of Arlington 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.

On March 31, 2022, the city entered into master lease agreement with Enterprise FM to lease vehicles. Lease rates vary by lease type. Lease terms range between 36-60 months.

The City of Arlington leases five copiers from Canon Financial Services under 60-month lease agreements, the leases have different payment amounts depending upon department needs. In addition, the city leases one Copier/Plotting Machine from Macquarie Equipment Capital Inc., for \$572.30 under a 60-month lease to own.

In addition, the City of Arlington leases a postage Machine from Pitney Bowes for \$923.46 per quarter under a 60-month agreement with the option to purchase under fair market value.

The Police Department leases a building on a month-to-month basis which will be terminated when the new police impound facility is ready. The new facility should be ready late 2023 or early 2024. In 2022, the monthly rent was \$1,202, in 2023 the rent increased to \$1,300 a month.

The current reporting period, 2022 the city paid \$34,665 in lease payments. Future lease payments for each of the five subsequent years are as follows:

	2023	2024	2025	2026	2027
<b>Copiers</b>					
Finance	2,119	1,956	652		
PW	2,459	2,270	568		
CED	1,790	1,652	1,377		
Airport	1,518				
CED Plotter	6,946	7,058	7,191	3,091	
<b>Postage Machine</b>					
Pitney Bowes	3,694	3,694			
<b>Sub-total Leases</b>	<b>18,526</b>	<b>16,630</b>	<b>9,788</b>	<b>3,091</b>	<b>-</b>
* Leased Vehicles	5,468	5,468	5,468	5,468	11,570
Police Impound	15,600	16,848			
<b>Total Lease Payments</b>	<b>\$ 39,594</b>	<b>\$ 38,946</b>	<b>\$ 15,256</b>	<b>\$ 8,560</b>	<b>\$ 11,570</b>

- In 2027 the amount includes paying off the leased vehicle, \$6,101, or trade in for a new vehicle with new lease terms.

## **Note 12 – Other Disclosures**

### **Fund Closures – 105 Social Services:**

On December 31, 2022, the city closed the social services fund as it does not meet the requirements for a special revenue fund. Transactions related to these services will be accounted for in the general fund.

### **Fund Closures – 108 Emergency Medical Services (EMS):**

On December 31, 2022, the city closed the EMS fund because effective August 1, 2021, the city's fire department was annexed into North County Regional Fire Authority and the city no longer operates a fire or EMS department.

### **New Funds – 008 Opioid Settlement Fund**

In December 2022, the city received \$41,983.28 regarding the Attorney General's (AG) Opioid Settlement agreement.

### **Concession Agreements**

On June 21, 2021, the city entered into a concession agreement with the Arlington Community Food Bank. The term of the agreement was July 1, 2021 through November 30, 2021 with an option to renew through 2024. The option to renew was exercised. License and concession fees were waived by city council.

### **Construction Commitments:**

The City has active construction projects as of December 31, 2022. At year-end, the City's commitments are as follows:

<b>Project</b>	<b>Contractor</b>	<b>Spent as of 12/31/22</b>	<b>2023 Remaining Commitment</b>	<b>Notes</b>
South CIC Construction (LS #16)	Equity Builders	\$ 1,260,619.93	\$ 60,479.26	Retainage only owing
2022 Utility and Pavement Preservation	Reece Construction	\$ 2,021,793.17	\$ 1,079,179.17	Project delayed, carryover to 2023.
Sewer WRF EQ Basin	McClure & Sons	\$ 1,394,910.83	\$ 215,328.41	Project delayed, carryover to 2023
Washington Trucking Waterline	WSB Excavation	\$ 54,977.90	\$ 60,808.24	Project start was delayed, finished in 2023.
173rd St Ph 1 Construction	Reece Construction	\$ 2,016,922.58	\$ 105,329.08	Retainage only owing
RW 16/34 Mill/Overlay	Lakeside Construction	\$ 2,211,255.38	\$ 215,562.03	Project weather delayed, carryover to 2023.

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

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
<b>General Obligation Debt/Liabilities</b>						
251.11	2020-LTGO - N Olympic Ave (Refi)	12/1/2027	1,175,000	-	180,000	995,000
251.11	2014 LTGO-Refunding 2004/Police Station	12/1/2034	6,635,000	-	395,000	6,240,000
251.11	2014 LTGO-Refunding 2009/Airport Expansion	12/1/2024	140,000	-	55,000	85,000
251.11	2020 LTGO - Refunding Fire Station 46	12/1/2030	590,000	-	55,000	535,000
251.11	Graafstra Note- (Refi)	12/1/2039	2,940,000	-	120,000	2,820,000
251.11	2020 LTGO Fire Station #48	12/1/2039	4,989,923	-	225,928	4,763,995
<b>Total General Obligation Debt/Liabilities:</b>			<b>16,469,923</b>	<b>-</b>	<b>1,030,928</b>	<b>15,438,995</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
259.12	Compensated Absences		955,792	-	9,518	946,274
264.30	Pension Liabilities		571,196	700,257	-	1,271,453
264.40	OPEB Liabilities		2,526,744	-	617,826	1,908,918
263.82	2006 PW Loan WWTP - PW-06-962-002	7/1/2026	1,967,733	-	393,547	1,574,186
263.82	2007 PW Loan WWTP - PR07-951-001	7/1/2027	315,789	-	52,632	263,157
263.82	2008 PW Loan WWTP - PC08-951-001	7/1/2028	3,705,882	-	529,412	3,176,470
263.82	Recovery Act Loan-DOE Loan L1000024	7/1/2029	3,209,020	-	297,737	2,911,283
263.82	Base Revolving Fund Loan-DOE Loan L1000025	7/1/2029	5,223,159	-	484,611	4,738,548
263.57	Leased Vehicles	12/1/2027	-	33,755	312	33,443
263.57	Office Equipment		67,763	-	19,728	48,035
263.57	Police Impound Building	12/1/2024	46,872	-	14,424	32,448
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>18,589,950</b>	<b>734,012</b>	<b>2,419,747</b>	<b>16,904,215</b>
<b>Total Liabilities:</b>			<b>35,059,873</b>	<b>734,012</b>	<b>3,450,675</b>	<b>32,343,210</b>

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

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FOREST SERVICE, AGRICULTURE, DEPARTMENT OF	Cooperative Forestry Assistance	10.664	-	-	500	500	-	
FEDERAL AVIATION ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	20.106	-	43,530	43,530	43,530	-	
FEDERAL AVIATION ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	20.106	-	94,163	94,163	94,163	-	
FEDERAL AVIATION ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	20.106	-	2,104,445	2,104,445	2,104,445	-	
FEDERAL AVIATION ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	20.106	-	94,103	94,103	94,103	-	3
<b>Total ALN 20.106:</b>				<b>-</b>	<b>2,336,241</b>	<b>2,336,241</b>	<b>-</b>	

**Highway Planning and Construction Cluster**

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

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

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA St Dept of Transportation)	Highway Planning and Construction	20.205	LA-10079	95,439	-	95,439	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA St Dept of Transportation)	Highway Planning and Construction	20.205	LA-9657	294,538	-	294,538	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA St Dept of Transportation)	Highway Planning and Construction	20.205	LA-9943	34,970	-	34,970	-	
<b>Total Highway Planning and Construction Cluster:</b>				<b>424,947</b>	<b>-</b>	<b>424,947</b>	<b>-</b>	
<b>Highway Safety Cluster</b>								
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Traffic Safety Commission)	State and Community Highway Safety	20.600	2022-HVE-4451 - Region 10 Target zero	2,743	-	2,743	-	
<b>Total Highway Safety Cluster:</b>				<b>2,743</b>	<b>-</b>	<b>2,743</b>	<b>-</b>	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027		-	1,615,806	1,615,806	-	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via WA St Dept of Commerce)	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	22-56104-010	10,730	-	10,730	-	
<b>Total ALN 21.027:</b>				<b>10,730</b>	<b>1,615,806</b>	<b>1,626,536</b>	<b>-</b>	

The accompanying notes are an integral part of this schedule.

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

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Wa St Military Dept)	Hazard Mitigation Grant	97.039	D22-001	38,227	-	38,227	-	
<b>Total Federal Awards Expended:</b>				<b>476,647</b>	<b>3,952,547</b>	<b>4,429,194</b>	<b>-</b>	

The accompanying notes are an integral part of this schedule.

City of Arlington

Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2022

Note 1 – Basis of Accounting

This Schedule is prepared on the same basis of accounting as the City of Arlington financial statements. The City of Arlington uses Cash Basis Accounting.

Note 2 – Federal De Minimis Indirect Cost Rate

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

Note 3 – BIL Infrastructure Grant

The amounts shown as current year expenditures include \$94,103.00 in prior period expenditures from 2020 and 2021. The City of Arlington received approval for this funding on August 1, 2022 and received the funds on November 8, 2022. The City was allowed to go back and capture costs from prior periods as they related to the project listed in the funding agreement.

## ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

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

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