



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

City of Everson

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

Published December 28, 2023

Report No. 1033886



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



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

December 28, 2023

City Council
City of Everson
Everson, Washington

Report on Financial Statements

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

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

Sincerely,

A handwritten signature in black ink that reads "Pat McCarthy".

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	38

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 Everson January 1, 2021 through December 31, 2022

City Council
City of Everson
Everson, 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 Everson, 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 December 20, 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 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 cursive script that reads "Pat McCarthy". The signature is written in black ink and is positioned above the printed name.

Pat McCarthy, State Auditor

Olympia, WA

December 20, 2023

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

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

City Council
City of Everson
Everson, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of the City of Everson, 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 Everson, 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 Everson, 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.

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 December 20, 2023 on our consideration of the City's internal control over financial reporting and on the tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

December 20, 2023

FINANCIAL SECTION

City of Everson 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 the Financial Statements – 2022
Notes to the Financial Statements – 2021

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2022
Schedule of Liabilities – 2021

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

		Total for All Funds (Memo Only)	001 General Fund	101 City Street	105 Local Fiscal Recovery
Beginning Cash and Investments					
308	Beginning Cash and Investments	3,651,928	640,420	109,586	397,247
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	1,854,469	1,586,642	81,125	-
320	Licenses and Permits	149,200	148,695	-	-
330	Intergovernmental Revenues	748,129	163,978	60,151	396,918
340	Charges for Goods and Services	2,596,049	390,213	-	-
350	Fines and Penalties	45,782	45,782	-	-
360	Miscellaneous Revenues	43,388	33,254	132	804
Total Revenues:		5,437,017	2,368,564	141,408	397,722
Expenditures					
510	General Government	536,504	536,490	-	-
520	Public Safety	1,804,864	1,804,864	-	-
530	Utilities	1,470,331	-	-	-
540	Transportation	222,532	-	129,812	-
550	Natural/Economic Environment	76,100	76,100	-	-
560	Social Services	518	518	-	-
570	Culture and Recreation	126,330	126,330	-	-
Total Expenditures:		4,237,179	2,544,302	129,812	-
Excess (Deficiency) Revenues over Expenditures:		1,199,838	(175,738)	11,596	397,722
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	1,339	1,339	-	-
Total Other Increases in Fund Resources:		1,339	1,339	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	405,691	79,592	-	-
591-593, 599	Debt Service	247,268	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	600	600	-	-
Total Other Decreases in Fund Resources:		653,559	80,192	-	-
Increase (Decrease) in Cash and Investments:		547,618	(254,591)	11,596	397,722
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	1,504,464	-	-	794,970
50841	Committed	78,529	-	-	-
50851	Assigned	2,230,757	-	121,184	-
50891	Unassigned	385,828	385,828	-	-
Total Ending Cash and Investments		4,199,578	385,828	121,184	794,970

The accompanying notes are an integral part of this statement.

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

		108 Park Impact Fees	110 Ramstead Park	301 Capital Improvements - Street	401 Water Sewer
Beginning Cash and Investments					
308	Beginning Cash and Investments	64,592	3,051	524,750	1,912,282
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	186,702	-
320	Licenses and Permits	-	-	-	505
330	Intergovernmental Revenues	-	-	127,082	-
340	Charges for Goods and Services	31,160	-	-	2,174,676
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	89	-	693	8,416
Total Revenues:		31,249	-	314,477	2,183,597
Expenditures					
510	General Government	-	-	14	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	1,470,331
540	Transportation	-	-	92,720	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	92,734	1,470,331
Excess (Deficiency) Revenues over Expenditures:		31,249	-	221,743	713,266
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	20,364	-	141,099	164,636
591-593, 599	Debt Service	-	-	-	247,268
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		20,364	-	141,099	411,904
Increase (Decrease) in Cash and Investments:		10,885	-	80,644	301,362
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	605,394	104,100
50841	Committed	75,478	3,051	-	-
50851	Assigned	-	-	-	2,109,573
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		75,478	3,051	605,394	2,213,673

The accompanying notes are an integral part of this statement.

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

		Total for All Funds (Memo Only)	001 General Fund	101 City Street	105 Local Fiscal Recovery
Beginning Cash and Investments					
308	Beginning Cash and Investments	3,045,357	729,766	116,796	-
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	1,753,854	1,494,315	61,367	-
320	Licenses and Permits	136,095	135,755	-	-
330	Intergovernmental Revenues	895,472	240,840	58,312	396,917
340	Charges for Goods and Services	2,215,736	284,309	-	-
350	Fines and Penalties	75,220	75,220	-	-
360	Miscellaneous Revenues	61,076	32,489	131	330
Total Revenues:		5,137,453	2,262,928	119,810	397,247
Expenditures					
510	General Government	520,134	515,743	4,379	-
520	Public Safety	1,631,173	1,631,173	-	-
530	Utilities	1,532,771	-	-	-
540	Transportation	122,640	-	122,640	-
550	Natural/Economic Environment	79,442	79,442	-	-
560	Social Services	508	508	-	-
570	Culture and Recreation	126,303	126,303	-	-
Total Expenditures:		4,012,971	2,353,169	127,019	-
Excess (Deficiency) Revenues over Expenditures:		1,124,482	(90,241)	(7,209)	397,247
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	1,640	1,640	-	-
Total Other Increases in Fund Resources:		1,640	1,640	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	271,245	-	-	-
591-593, 599	Debt Service	247,564	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	743	743	-	-
Total Other Decreases in Fund Resources:		519,552	743	-	-
Increase (Decrease) in Cash and Investments:		606,570	(89,344)	(7,209)	397,247
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	1,026,098	-	-	397,248
50841	Committed	67,643	-	-	-
50851	Assigned	1,917,768	-	109,586	-
50891	Unassigned	640,420	640,420	-	-
Total Ending Cash and Investments		3,651,929	640,420	109,586	397,248

The accompanying notes are an integral part of this statement.

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

		108 Park Impact Fees	110 Ramstead Park	301 Capital Improvements - Street	401 Water Sewer
Beginning Cash and Investments					
308	Beginning Cash and Investments	33,836	3,051	289,231	1,872,677
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	198,172	-
320	Licenses and Permits	-	-	-	340
330	Intergovernmental Revenues	-	-	161,692	37,711
340	Charges for Goods and Services	40,200	-	-	1,891,227
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	1,573	-	591	25,962
Total Revenues:		41,773	-	360,455	1,955,240
Expenditures					
510	General Government	-	-	12	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	1,532,771
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	12	1,532,771
Excess (Deficiency) Revenues over Expenditures:		41,773	-	360,443	422,469
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	11,017	-	124,926	135,302
591-593, 599	Debt Service	-	-	-	247,564
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		11,017	-	124,926	382,866
Increase (Decrease) in Cash and Investments:		30,756	-	235,517	39,603
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	524,750	104,100
50841	Committed	64,592	3,051	-	-
50851	Assigned	-	-	-	1,808,182
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		64,592	3,051	524,750	1,912,282

The accompanying notes are an integral part of this statement.

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

		Total for All Funds (Memo Only)	Custodial
308	Beginning Cash and Investments	21,731	21,731
388 & 588	Net Adjustments	-	-
310-390	Additions	55,884	55,884
510-590	Deductions	55,971	55,971
	Net Increase (Decrease) in Cash and Investments:	(87)	(87)
508	Ending Cash and Investments	21,641	21,641

The accompanying notes are an integral part of this statement.

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

		Total for All Funds (Memo Only)	Custodial
308	Beginning Cash and Investments	29,817	29,817
388 & 588	Net Adjustments	-	-
310-390	Additions	77,295	77,295
510-590	Deductions	85,380	85,380
	Net Increase (Decrease) in Cash and Investments:	(8,085)	(8,085)
508	Ending Cash and Investments	21,731	21,731

The accompanying notes are an integral part of this statement.

City of Everson
Notes to the Financial Statements
For the year ended December 31, 2022

Note 1 - Summary of Significant Accounting Policies

The city of Everson was incorporated on May 15, 1929 and operates under the laws of the state of Washington applicable to an Optional Municipal Code City (Title 35A RCW) with a Mayor-Council form of government. The City is a general-purpose local government and provides public safety, street improvements, parks and recreation, animal control, municipal court, building inspection services and general administrative services. Additionally, the City owns and operates a water/sewer utility system.

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

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

PROPRIETARY FUND TYPES:

Enterprise Funds

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

FIDUCIARY FUND TYPES:

Custodial Funds

These funds are used to account 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 also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

C. Cash and Investments

See Note 3 - *Deposits and Investments*.

D. Capital Assets

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

E. Compensated Absences

Vacation leave may be accumulated up to 30 days and is payable upon separation or retirement. Sick leave may be accumulated 960 hours. Upon separation or retirement employees will receive pay for twenty-five percent (25%) of accumulated sick leave, unless terminated for just cause. Payments are recognized as expenditures when paid.

F. Long-Term Debt

See Note 4, *Long Term Debt*.

G. Restricted and Committed Portion of Ending Cash and Investments

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

Restrictions and commitments of Ending Cash and Investments consist of: 108 Park Impact Fees Fund in the amount of \$75,402 to be used in accordance with Ordinance 648 for the purpose of improvement and development of City parks in relationship to new development; 105 Local Fiscal Recovery Fund in the amount of \$794,970 for receipt of ARPA funds; 110 Ramstead Park Fund in the amount of \$3,051 to be used in accordance with Ordinance 753 for the development of public athletic fields and related amenities; 301 Capital Street Fund in the amount of \$605,394 for street projects; and 401 Water Sewer Fund in the amount of \$104,100 is reserved for the purpose of loan reserve and redemption.

Note 2– Budget Compliance

A. Budgets

The City adopts annual appropriated budgets for governmental and proprietary funds. These budgets are appropriated at the fund level, except the general (current expense) fund, where budget is adopted at the department level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

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

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

Fund	Final Appropriated Amount	Actual Expenditures	Variance
001 General Fund	\$2,549,555	\$2,624,493	\$74,938
101 Street Fund	\$125,748	\$129,810	\$4,062
105 Local Recovery	\$0	\$0	\$0
108 Park Impact Fees	\$19,970	\$20,364	\$394
110 Ramstead Park	\$0	\$0	\$0
301 Capital Improvement - Street	\$218,513	\$233,833	\$15,320
401 Water Sewer	\$1,617,458	\$1,707,495	\$90,037
402 Capital Improvement - Water	\$120,955	\$120,709	(\$246)
403 Capital Improvement - Sewer	\$84,936	\$53,783	(\$31,153)
405 W/S Bond Reserve	\$0	\$0	\$0
Total 401 Water Sewer	\$1,823,349	\$1,881,987	\$58,638
Grand Total	\$4,737,135	\$4,890,487	\$153,352

* Rolled Funds: 402, 403, 404, and 405 were rolled into 401 for reporting purposes.

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

Note 3 – Deposits and Investments

Investments are reported at original cost; interest earnings are recorded only when received. Deposits and Investments by type at December 31, 2022 are as follows:

Type of deposit or investment	City of Everson deposits and investments	Deposits and investments held by the City of Everson as custodian for other local governments, individuals, or private organizations	Total
Bank deposits	\$3,658,939	\$21,641	\$3,680,580
Certificate of Deposit	\$540,139	\$0	\$540,139
Petty Cash	\$500	\$0	\$500
Total	\$4,199,578	\$21,641	\$4,221,219

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

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the City would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The City deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

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

Note 4 – Long Term Debt

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

The debt service requirements for revenue debt including public works loans are as follows:

	Principal	Interest	Total
2023	\$190,078.14	\$56,903.49	\$246,981.63
2024	\$193,486.22	\$53,199.19	\$246,685.41
2025	\$196,973.50	\$49,415.67	\$246,389.17
2026	\$200,541.84	\$45,551.10	\$246,092.94
2027	\$204,193.12	\$41,603.59	\$245,796.71
2028-2032	\$940,437.96	\$147,148.11	\$1,087,586.07
2033-2037	\$779,645.52	\$40,423.52	\$820,069.04
Totals	\$2,705,356	\$434,245	\$3,139,601

Note 5– Pension Plans

A. State Sponsored Pension Plans

Substantially all City’s full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans Public Employees’ Retirement System (PERS) Plan 2 & 3, and Law Enforcement Officers’ and Fire Fighters’ Retirement System (LEOFF) Plan 2.

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

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

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

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

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$28,856	0.004708%	\$131,088
PERS 2/3	\$49,467	0.006157%	(\$228,350)
LEOFF 2	\$29,913	0.014449%	(\$392,680)

LEOFF Plan 1

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

LEOFF Plan 2

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

Note 6 - Property Tax

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

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

The City's regular levy for the year 2022 was \$1.23 per \$1,000 on an assessed valuation of \$307,463,325 for a total regular levy of \$331,003.47.

Note 7 – Risk Management

The City of Everson 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 8 – Joint Ventures

The City of Everson is a participating member of the Whatcom Council of Governments as set by interlocal agreement last updated in 2014. The WCOG generally focuses on transportation planning, including serving as the regional transportation planning organization (RTPO), preparing the federally required Metropolitan Transportation Plan, and coordinating the allocation of federal transportation

funds to various projects. A membership fee is charged annually and is set by the policy board. A fee of \$1,864 was paid in 2022.

Note 9 - Other Disclosures

A. Health & Welfare

The City of Everson provided Medical, Dental, and Vision Benefits through Washington Teamsters Welfare Trust beginning on January 1, 2016 and is committed through December 31, 2023. The Police Department now receives their medical benefits through Washington Cities Insurance Fund and is committed through December 31, 2023.

The City of Everson continues to provide Long Term Disability coverage and Employee Assistance through the Association of Washington Cities Employee Benefit Trust Health Care Program (AWC Trust HCP).

B. Extraordinary Events

The City of Everson was impacted by natural disaster DR-4635-WA. The City sustained substantial damages to public facilities including City Hall, Riverside Park, Ramstead Park and the Waste Water Treatment Plant. The event substantially affected the ending fund balances for the general fund for 2022. The majority of the expenditures are expected to be recovered by a FEMA grant in 2023.

City of Everson
Notes to the Financial Statements
For the year ended December 31, 2021

Note 1 - Summary of Significant Accounting Policies

The city of Everson was incorporated on May 15, 1929 and operates under the laws of the state of Washington applicable to an Optional Municipal Code City (Title 35A RCW) with a Mayor-Council form of government. The City is a general-purpose local government and provides public safety, street improvements, parks and recreation, animal control, municipal court, building inspection services and general administrative services. Additionally, the City owns and operates a water/sewer utility system.

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

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

PROPRIETARY FUND TYPES:

Enterprise Funds

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

FIDUCIARY FUND TYPES:

Custodial Funds

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

E. Compensated Absences

Vacation leave may be accumulated up to 30 days and is payable upon separation or retirement. Sick leave may be accumulated 960 hours. Upon separation or retirement employees will receive pay for twenty-five percent (25%) of accumulated sick leave, unless terminated for just cause. Payments are recognized as expenditures when paid.

F. Long-Term Debt

See Note 5, *Long Term Debt*.

G. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments 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. 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: 105 Local Fiscal Recovery Fund in the amount \$397,248 for receipt of ARPA funds; 108 Park Impact Fees Fund in the amount of \$64,592 to be used in accordance with Ordinance 648 for the purpose of improvement and development of City parks in relationship to new development; 110 Ramstead Park Fund in the amount of \$3,051 to be used in accordance with Ordinance 753 for the development of public athletic fields and related amenities; 301 Capital Street Fund in the amount of \$524,750 for street projects; and 401 Water Sewer Fund in the amount of \$104,100 is reserved for the purpose of loan reserve and redemption.

Note 2– Budget Compliance

A. Budgets

The City adopts annual appropriated budgets for governmental and proprietary funds. These budgets are appropriated at the fund level, except the general (current expense) fund, where budget is adopted at the department level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

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

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

Fund	Final Appropriated Amount	Actual Expenditures	Variance
001 General Fund	\$2,372,928	\$2,353,910	(\$19,018)
101 Street Fund	\$143,395	\$127,021	(\$16,374)
105 Local Recovery	\$0	\$0	\$0
106 Community Development	\$2,857	\$0	\$0
108 Park Impact Fees	\$12,500	\$11,017	(\$1,483)
110 Ramstead Park	\$0	\$0	\$0
301 Capital Improvement - Street	\$133,741	\$124,938	(\$8,803)
401 Water Sewer	\$1,673,704	\$1,670,966	(2,738)
402 Capital Improvement - Water	\$105,023	\$109,346	\$4,323
403 Capital Improvement - Sewer	\$115,031	\$135,323	\$20,292
405 W/S Bond Reserve	\$0	\$0	\$0
Total 401 Water Sewer	\$1,893,758	\$1,915,635	\$21,877
Grand Total	\$4,559,179	\$4,532,521	(\$23,756)

* Rolled Funds: 106 was rolled into 001 for reporting purposes.

402, 403, 404, and 405 were rolled into 401 for reporting purposes.

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

Note 3– 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 finances have been impacted in the areas of Motor Vehicle Fuel Tax revenue, facility rentals, passport processing fees and other areas. The City was unable to charge Utility payment late fees for much of 2021 per the Governor's order.

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 – Deposits and Investments

Investments are reported at original cost; interest earnings are recorded only when received. Deposits and Investments by type at December 31, 2021 are as follows:

Type of deposit or investment	City of Everson deposits and investments	Deposits and investments held by the City of Everson as custodian for other local governments, individuals, or private organizations	Total
Bank deposits	\$3,113,446	\$21,731	\$3,135,177
Certificate of Deposit	\$537,983	\$0	\$537,983
Petty Cash	\$500	\$0	\$500
Total	\$3,651,929	\$21,731	\$3,673,660

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

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the City would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The City deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

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

Note 5 – Long Term Debt

Debt Service

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

The debt service requirements for revenue debt including public works loans are as follows:

	Principal	Interest	Total
2022	\$186,747.51	\$60,530.37	\$247,277.88
2023	\$190,078.14	\$56,903.49	\$246,981.63
2024	\$193,486.22	\$53,199.19	\$246,685.41
2025	\$196,973.50	\$49,415.67	\$246,389.17
2026	\$200,541.84	\$45,551.10	\$246,092.94
2027-2031	\$948,535.81	\$167,645.54	\$1,116,181.35
2032-2036	\$975,729.79	\$61,529.68	\$1,037,259.47
Totals	\$2,892,093	\$494,775	\$3,386,868

Note 6– Pension Plans

A. State Sponsored Pension Plans

Substantially all City’s full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans Public Employees’ Retirement System (PERS) Plan 2 & 3, and Law Enforcement Officers’ and Fire Fighters’ Retirement System (LEOFF) Plan 2.

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

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available Annual Comprehensive Financial Report (ACFR) that includes financial 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.

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

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$39,306	0.005277%	\$64,445
PERS 2/3	\$64,158	0.006773%	(\$674,700)
LEOFF 2	\$27,208	0.013649%	(\$792,790)

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.

Note 7 - Property Tax

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

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

The City's regular levy for the year 2020 was \$1.23 per \$1,000 on an assessed valuation of \$244,173,282 for a total regular levy of \$301,270.60.

Note 8 – Risk Management

The City of Everson 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 [1]. 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 9 – Joint Ventures

The City of Everson is a participating member of the Whatcom Council of Governments as set by interlocal agreement last updated in 2014. The WCOG generally focuses on transportation planning, including serving as the regional transportation planning organization (RTPO), preparing the federally required Metropolitan Transportation Plan, and coordinating the allocation of federal transportation funds to various projects. A membership fee is charged annually and is set by the policy board. A fee of \$1,714 was paid in 2021.

Note 10 - Other Disclosures

A. Health & Welfare

The City of Everson provided Medical, Dental, and Vision Benefits through Washington Teamsters Welfare Trust beginning on January 1, 2016 and is committed through December 31, 2023. The Police Department now receives their medical benefits through Washington Cities Insurance Fund and is committed through December 31, 2023.

The City of Everson continues to provide Long Term Disability coverage and Employee Assistance through the Association of Washington Cities Employee Benefit Trust Health Care Program (AWC Trust HCP).

B. Extraordinary Events

The City of Everson was impacted by natural disaster DR-4635-WA. The City sustained substantial damages to public facilities including City Hall, Riverside Park, Ramstead Park and the Waste Water Treatment Plant. The event substantially affected the ending fund balances for the general fund for 2021. The majority of the expenditures are expected to be recovered by a FEMA grant in 2022.

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

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
263.81	DOE WWTP Upgrade 11/10/2016	11/10/2036	2,536,887	-	143,291	2,393,596
263.81	DWSRF 10/01/2016	10/1/2027	165,730	-	27,657	138,073
263.87	PWTF WWTP Pre Construction 01/08/2013	6/1/2033	189,476	-	15,789	173,687
Total General Obligation Debt/Liabilities:			2,892,093	-	186,737	2,705,356
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absences		142,217	11,890	-	154,107
264.30	DRS Pension Liabilities		64,445	66,643	-	131,088
Total Revenue and Other (non G.O.) Debt/Liabilities:			206,662	78,533	-	285,195
Total Liabilities:			3,098,755	78,533	186,737	2,990,551

**City of Everson
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	DOE WWTP Upgrade 11/10/2016	11/10/2036	2,676,923	-	140,036	2,536,887
263.81	DWSRF 10/01/2016	10/1/2027	193,387	-	27,657	165,730
263.87	PWTF WWTP Pre Construction 01/08/2013	6/1/2033	205,265	-	15,789	189,476
Total General Obligation Debt/Liabilities:			3,075,575	-	183,482	2,892,093
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absences		149,881	-	7,664	142,217
264.30	DRS Pension Liabilities		256,996	-	192,551	64,445
Total Revenue and Other (non G.O.) Debt/Liabilities:			406,877	-	200,215	206,662
Total Liabilities:			3,482,452	-	383,697	3,098,755

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