



Office of the Washington State Auditor  
Pat McCarthy

# Financial Statements and Federal Single Audit Report

## City of Bonney Lake

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

*Published January 31, 2024*

Report No. 1034197



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

January 31, 2024

Mayor and City Council  
City of Bonney Lake  
Bonney Lake, Washington

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

Please find attached our report on the City of Bonney Lake'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 Bonney Lake January 1, 2022 through December 31, 2022

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

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

##### Financial Statements

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

##### Internal Control over Financial Reporting:

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

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

##### Federal Awards

##### Internal Control over Major Programs:

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

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

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

## Identification of Major Federal Programs

The following program was selected as a major program in our audit of compliance in accordance with the Uniform Guidance.

<u>ALN</u>	<u>Program or Cluster Title</u>
20.205	Highway Planning and Construction Cluster – Highway Planning and Construction

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 Bonney Lake January 1, 2022 through December 31, 2022**

Mayor and City Council  
City of Bonney Lake  
Bonney Lake, 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 Bonney Lake, 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 January 30, 2024.

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

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

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

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

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

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

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

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

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

## **PURPOSE OF THIS REPORT**

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

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

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

Pat McCarthy, State Auditor

Olympia, WA

January 30, 2024



## INDEPENDENT AUDITOR'S REPORT

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

**City of Bonney Lake**  
**January 1, 2022 through December 31, 2022**

Mayor and City Council  
City of Bonney Lake  
Bonney Lake, Washington

## REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

### Opinion on Each Major Federal Program

We have audited the compliance of the City of Bonney Lake, 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.



Pat McCarthy, State Auditor  
Olympia, WA  
January 30, 2024

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### **City of Bonney Lake January 1, 2022 through December 31, 2022**

Mayor and City Council  
City of Bonney Lake  
Bonney Lake, Washington

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

### **Unmodified and Adverse Opinions**

We have audited the financial statements of the City of Bonney Lake, 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 Bonney Lake, 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 Bonney Lake, 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 opinions on the financial statements that collectively comprise the City's financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The 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 January 30, 2024 on our consideration of the City's internal control over financial reporting and on the tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

January 30, 2024

## **FINANCIAL SECTION**

### **City of Bonney Lake 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 Bonney Lake**  
**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>120 Drug Investigation Fund</b>	<b>121 Federal Drug Investigation</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	79,557,346	19,211,201	71,472	110,347
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	20,065,878	18,303,927	-	-
320	Licenses and Permits	775,967	775,967	-	-
330	Intergovernmental Revenues	7,551,451	1,588,174	4,704	-
340	Charges for Goods and Services	31,088,131	2,016,961	-	-
350	Fines and Penalties	164,503	129,633	17	34,853
360	Miscellaneous Revenues	2,379,445	1,132,446	1,114	2,023
Total Revenues:		62,025,375	23,947,108	5,835	36,876
<b>Expenditures</b>					
510	General Government	3,946,232	3,946,232	-	-
520	Public Safety	8,028,463	8,020,707	7,756	-
530	Utilities	15,765,973	-	-	-
540	Transportation	3,018,741	2,106,775	-	-
550	Natural/Economic Environment	1,253,666	1,253,666	-	-
560	Social Services	486,990	486,990	-	-
570	Culture and Recreation	1,722,014	1,722,014	-	-
Total Expenditures:		34,222,079	17,536,384	7,756	-
Excess (Deficiency) Revenues over Expenditures:		27,803,296	6,410,724	(1,921)	36,876
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	2,810,196	257,871	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	1,245,121	-	-	-
Total Other Increases in Fund Resources:		4,055,317	257,871	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	15,785,904	130,602	-	-
591-593, 599	Debt Service	3,858,178	-	-	-
597	Transfers-Out	2,810,196	2,543,000	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	11	11	-	-
Total Other Decreases in Fund Resources:		22,454,289	2,673,613	-	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>9,404,324</b>	<b>3,994,982</b>	<b>(1,921)</b>	<b>36,876</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	21,233,147	175,139	69,551	147,223
50841	Committed	13,560,627	4,980,182	-	-
50851	Assigned	36,117,027	-	-	-
50891	Unassigned	18,050,880	18,050,880	-	-
<b>Total Ending Cash and Investments</b>		<b>88,961,681</b>	<b>23,206,201</b>	<b>69,551</b>	<b>147,223</b>

The accompanying notes are an integral part of this statement.

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

		<b>130 Affordable Housing Tax Revenue</b>	<b>131 ARPA Fund</b>	<b>202 Debt Service</b>	<b>301 Street CIP</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	80,362	2,916,616	86,249	8,449,082
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	52,633	-	-	854,659
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	2,954,595	-	-
340	Charges for Goods and Services	-	-	-	248,256
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	1,812	83,558	8,872	140,469
Total Revenues:		54,445	3,038,153	8,872	1,243,384
<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:		54,445	3,038,153	8,872	1,243,384
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	994,000	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	994,000	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	-	405,771
591-593, 599	Debt Service	-	-	990,972	-
597	Transfers-Out	-	267,196	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	267,196	990,972	405,771
<b>Increase (Decrease) in Cash and Investments:</b>		<b>54,445</b>	<b>2,770,957</b>	<b>11,900</b>	<b>837,613</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	134,807	5,687,573	98,149	8,565,999
50841	Committed	-	-	-	720,697
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>134,807</b>	<b>5,687,573</b>	<b>98,149</b>	<b>9,286,696</b>

The accompanying notes are an integral part of this statement.

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

		<b>302 Parks CIP</b>	<b>303 Public Works Center CIP</b>	<b>320 General Government CIP</b>	<b>401 Water</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	6,128,153	5,139,018	1,017,427	14,086,502
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	598,261	-	256,398	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	3,003,978	-	-	-
340	Charges for Goods and Services	303,894	-	-	12,021,426
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	98,407	17,140	188,266	286,141
Total Revenues:		4,004,540	17,140	444,664	12,307,567
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	7,439,417
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	-	7,439,417
Excess (Deficiency) Revenues over Expenditures:		4,004,540	17,140	444,664	4,868,150
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	1,549,000	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	622,442
Total Other Increases in Fund Resources:		1,549,000	-	-	622,442
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	6,290,647	4,855,447	50,766	3,164,643
591-593, 599	Debt Service	-	-	-	1,343,517
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		6,290,647	4,855,447	50,766	4,508,160
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(737,107)</b>	<b>(4,838,307)</b>	<b>393,898</b>	<b>982,432</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	4,265,188	300,710	662,146	574,598
50841	Committed	1,125,855	-	749,178	-
50851	Assigned	-	-	-	14,494,339
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>5,391,043</b>	<b>300,710</b>	<b>1,411,324</b>	<b>15,068,937</b>

The accompanying notes are an integral part of this statement.

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

		<b>402 Sewer</b>	<b>415 Storm Water</b>	<b>501 Equip. Rental &amp; Replacement</b>
<b>Beginning Cash and Investments</b>				
308	Beginning Cash and Investments	15,008,443	3,265,075	3,987,399
388 / 588	Net Adjustments	-	-	-
<b>Revenues</b>				
310	Taxes	-	-	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	-	-	-
340	Charges for Goods and Services	12,558,108	2,020,368	1,919,118
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	286,068	54,090	79,039
Total Revenues:		12,844,176	2,074,458	1,998,157
<b>Expenditures</b>				
510	General Government	-	-	-
520	Public Safety	-	-	-
530	Utilities	6,516,608	1,809,948	-
540	Transportation	-	-	911,966
550	Natural/Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
Total Expenditures:		6,516,608	1,809,948	911,966
Excess (Deficiency) Revenues over Expenditures:		6,327,568	264,510	1,086,191
<b>Other Increases in Fund Resources</b>				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	-	-	9,325
385	Special or Extraordinary Items	-	-	-
381, 382, 389, 395, 398	Other Resources	400,710	171,733	50,236
Total Other Increases in Fund Resources:		400,710	171,733	59,561
<b>Other Decreases in Fund Resources</b>				
594-595	Capital Expenditures	517,244	71,499	299,285
591-593, 599	Debt Service	1,396,963	126,726	-
597	Transfers-Out	-	-	-
585	Special or Extraordinary Items	-	-	-
581, 582, 589	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		1,914,207	198,225	299,285
<b>Increase (Decrease) in Cash and Investments:</b>		<b>4,814,071</b>	<b>238,018</b>	<b>846,467</b>
<b>Ending Cash and Investments</b>				
50821	Nonspendable	-	-	-
50831	Restricted	416,865	135,199	-
50841	Committed	1,150,853	-	4,833,862
50851	Assigned	18,254,796	3,367,892	-
50891	Unassigned	-	-	-
<b>Total Ending Cash and Investments</b>		<b>19,822,514</b>	<b>3,503,091</b>	<b>4,833,862</b>

The accompanying notes are an integral part of this statement.

**City of Bonney Lake**  
**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>Custodial</b>
308	Beginning Cash and Investments	102,611	102,611
388 & 588	Net Adjustments	-	-
310-390	Additions	192,276	192,276
510-590	Deductions	172,623	172,623
	Net Increase (Decrease) in Cash and Investments:	19,653	19,653
508	Ending Cash and Investments	122,264	122,264

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

**City of Bonney Lake, Washington**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Bonney Lake, organized as a non-chartered code city, was incorporated in 1949 utilizing the Mayor/Council form of government. The City's legislative authority, the City Council, consists of a Mayor and seven Councilmembers who are elected to overlapping four-year terms of office. The Council is responsible for assuring citizen representation through policy discretion and adoption of local codes and legislation. The City is a general purpose local government and provides a wide range of municipal services including police, engineering, parks and recreation, street improvements and general administrative services. In addition, the City provides water, sewer and surface water services.

The City of Bonney Lake reports financial activity in accordance with the Cash Basis Budgeting, Accounting and Reporting System (BARS) Manual prescribed by the State Auditor's Office under 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

The General Fund is the primary operating fund of the government. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

##### Special Revenue Funds

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

##### Debt Service Funds

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

##### Capital Projects Funds (CIP)

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

The Street CIP Fund is used for capital purposes such as roads, streets, sidewalks, and street lights.

The Park CIP Fund is used for capital improvements that are park related.

The Public Works Center CIP Fund is used for capital improvements for the future building.

The General Government CIP Fund is used for all other general capital purposes.

#### 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.

The City reports the following major enterprise funds:

The Water Fund accounts for activities of water distribution for the City. The City operates its own water distribution system.

The Sewer Fund accounts for the sewer collection activities for the City. The City operates its own sewage pumping stations and collections systems, and has a capacity agreement with the City of Sumner, who operates the wastewater treatment plant.

The Stormwater Fund accounts for the activities of stormwater treatment and disposal.

#### Internal Service Funds

These funds account for fleet management services provided to other departments 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.

#### 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 defined by the City as assets with an initial individual purchase price of \$10,000 or greater and an estimated useful life in excess of two years, or for infrastructure assets, with an initial purchase price of \$50,000 or more and a useful life of greater than 20 years. Donated capital assets are recorded at acquisition value at the date of donation. Capital assets and inventory are recorded as capital expenditures when purchased.

#### E. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits. Vacation leave accumulates at various rates, depending upon date of hire, contract and City policy. Sick leave accumulates at four hours per pay period.

Vacation pay, which may be accumulated up to a maximum of 240 at year end hours or 30 days, is payable upon resignation, retirement or death.

Sick leave can accumulate as many hours as the employee chooses. After 5 years of employment, 25% of accumulated sick leave up to a maximum of 720 hours is payable upon resignation or layoff. Upon retirement, or death, 100% of accumulated sick leave up to a maximum of 720 hours is payable. Separation of employment before 5 years forfeits any sick leave pay out. 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 the City Council. When expenditures that meet restrictions are incurred, the City intends to use the most restricted resources first.

Ending Cash and Investments consist of:

FUND	Restricted Ending Balance Funds	Committed Ending Balance Funds	Assigned Ending Balance Funds	Unassigned Ending Balance Funds	Total
General Fund	175,139	4,980,182		18,050,880	23,206,202
Drug Investigation Fund	69,551				69,551
Drug Investigation Fund(fede	147,223				147,223
Affordable Housing	134,807				134,807
American Recovery Plan Act	5,687,573				5,687,573
Debt Service Fund	98,149				98,149
Street CIP	8,565,999	720,697	-		9,286,696
Parks CIP	4,265,188	1,125,855			5,391,043
PWC CIP	300,710	-			300,710
General Govt CIP Fund	662,146	749,178			1,411,324
Water Fund	574,598	-	14,494,339		15,068,937
Sewer Fund	416,865	1,150,853	18,254,796		19,822,514
Stormwater Fund	135,199	-	3,367,892		3,503,091
ERR Fund		4,833,862			4,833,862
Custodial Funds	122,265				122,265
Total	21,355,412	13,560,626	36,117,027	18,050,880	89,083,945

General Fund has restricted revenues under RCW 71.24.55. Committed revenues include Council motion to commit revenues for future software replacement and police radio replacements as well as cumulative reserve funds. Additionally there are restricted cash funds which include the Housing Action Plan grant, and the Opioid Grant.

Drug Investigations Funds are restricted by RCW 69.50.505.

American Recovery Plan Act funds are restricted by Federal Grant limitations.

Affordable Housing Funds are restricted by RCW 82.14.540.

Street CIP and Parks CIP Funds have Traffic Impact Fees (TIF), Park Impact Fees (PIF) which are all restricted by RCW. TIF and PIF are restricted by RCW 82.02.050-110. As well as RCW 82.46.010 and RCW 82.46.035.

Debt Service, Public Works Center CIP, Water, Sewer and Storm have funds that are restricted by bond covenants.

General Government CIP has funds restricted by RCW 82.46.010.

Committed Funds in the Contingency Fund, Street CIP, Parks CIP, PWC CIP and ERR Fund have all been committed by previous Council action.

## **NOTE 2 - BUDGET COMPLIANCE**

The City adopts biennial appropriated budgets for general, special revenue, capital, debt and proprietary funds. These budgets are appropriated at the fund level. The general fund provides information at the department level for management purposes, but is adopted at the fund level. The budget constitutes the legal authority for expenditures at that level. Biennial appropriations for these funds lapse at the biennium.

Biennial 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 follows:

	Budget Amounts		Actual Exp Biennium Through 12/31/2021	Actual Exp Biennium Through 12/31/2022	Variance with Final Budget Over (Under)
	Approved Original Budget	Approved Revised Budget			
	2021-2022	2021-2022			
	Biennium	Biennium			
General Fund	\$ 53,929,027	\$ 54,936,028	\$ 24,039,862	\$ 20,398,547	(10,497,620)
Drug Investigation Fund	71,528	71,528	4,846	7,756	(58,926)
Federal Drug Investigation Fund	59,235	59,235			(59,235)
Cumulative Reserve Fund	3,709,262	3,709,262			(3,709,262)
Contingency	1,227,539	1,227,539			(1,227,539)
Affordable Housing Fund	109,276	109,276			(109,276)
ARPA Fund		5,909,188	39,626	267,196	(5,602,366)
Debt Service Fund	2,078,615	2,078,615	993,328	990,972	(94,315)
Street CIP	9,401,957	9,423,957	329,682	405,770	(8,688,504)
Parks CIP	11,187,425	11,259,925	3,405,504	6,290,648	(1,563,773)
PWC CIP	14,040,000	14,980,000	9,849,856	4,855,448	(274,696)
General Govt CIP Fund	1,298,522	1,321,022	92,728	50,766	(1,177,528)
Water Fund	35,296,391	36,216,390	12,919,604	11,947,575	(11,349,212)
Sewer Fund	29,735,544	29,735,544	8,686,741	8,430,814	(12,617,988)
Stormwater Fund	7,314,597	7,314,596	2,156,011	2,008,174	(3,150,411)
ERR Fund	7,720,716	7,720,716	1,494,911	1,211,254	(5,014,551)
Total	177,179,634	186,072,821	64,012,698	56,864,921	(65,195,202)

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 Finance Committee, Mayor, or Council. The budget was adopted on Dec. 8, 2020, by ordinance 1645 and amended on Nov. 23, 2021, by Ordinance 1662.

### **NOTE 3 – DEPOSITS AND INVESTMENTS**

#### Deposits

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

Type of deposit or investment	City deposits and investments	Deposits and investments held by the City as custodian for other local governments, individuals, or private organizations	Total
Bank deposits	\$ 4,667,274	\$122,265	\$ 4,789,539
Local Government Investment Pool	84,294,406		84,294,406
Total	\$88,961,680	\$122,265	\$89,083,945

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

#### Investments in Local Government Investment Pool (LGIP)

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

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

During 2022, the City had its entire investment in the Washington State Local Government Investment Pool.

#### 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 the possession of an outside party. The City's deposits are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution or the collateral pool administered by the by the Washington Public Deposit Protection Commission (PDPC).

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

#### **NOTE 4 – PROPERTY TAXES**

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

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

The City's regular levy for 2022 was \$0.84351 per \$1,000 of assessed valuation of \$4,111,070,430 for a total regular levy of \$3,467,720. Washington State Constitution and Washington State law, RCW 84.55.010, limit the rate.

#### **NOTE 5 –LONG TERM DEBT**

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

The debt service requirements for general obligation bonds, revenue bonds, Public Works Trust Fund Loans, and installment purchases are as follows:

At December 31, 2022, the general obligation bonds payable consist of the following issue for governmental activities:

Purpose	Maturity Range	Interest Rate	Original Amount	Amount of Installment
2015 LTGO	18 Yrs.	3.50% avg	7,885,000	410,000
2017 LTGO	15 yrs	2.27% avg	4,032,000	289,000

The annual debt service requirements to maturity for this general obligation bond are as follows:

<b>2015 LTGO</b>	<b>Governmental Activities</b>		
Year Ending	Principal	Interest	Total
2023	420,000	202,600	622,600
2024	440,000	185,800	625,800
2025	455,000	168,200	623,200
2026	475,000	150,000	625,000
2027	495,000	131,000	626,000
2028-2032	2,780,000	342,600	3,122,600
Totals	5,065,000	1,180,200	6,245,200

<b>2017 LTGO</b>	<b>Governmental Activities</b>		
Year Ending	Principal	Interest	Total
2023	295,000	66,148	361,148
2024	302,000	59,451	361,451
2025	309,000	52,596	361,596
2026	316,000	45,582	361,582
2027	323,000	38,408	361,408
2028-2031	1,369,000	78,565	1,447,565
Totals	2,914,000	340,750	3,254,750

### Revenue Bonds

The City has also issued revenue bonds where the government pledged income derived from the acquired or constructed assets to pay debt service.

At December 31, 2022, the revenue bonds payable consist of the following:

Purpose	Maturity Range	Interest Rate	Original Amount	Amount of Installment
2016 Revenue Bonds	25 yrs.	4.0%	15,865,000	465,000

Revenue bond debt service requirements to maturity are as follows:

	<b>2016 Revenue Bonds</b>		
Year Ending	Principal	Interest	Total
2023	480,000	572,150	1,052,150
2024	500,000	552,950	1,052,950
2025	520,000	532,950	1,052,950
2026	540,000	512,150	1,052,150
2027	565,000	490,550	1,055,550
2028-2032	3,175,000	2,095,750	5,270,750
2033-2037	3,855,000	1,408,750	5,263,750
2038-2041	3,735,000	478,500	4,213,500
Totals	13,370,000	6,643,750	20,013,750

### Public Works Trust Fund Loans

Public Works Trust Fund Loans are a low interest rate loan available from the State of Washington Department of Commerce, Local Government & Infrastructure Division for qualifying projects and are a direct responsibility of the City. The debt is repaid by proprietary fund revenues.

At December 31, 2022 the Public Works Trust Fund loans debt service consists of the following:

	<b>Public Works Trust Fund Loans</b>		
Year Ending	Principal	Interest	Total
2023	1,392,540	36,083	1,428,623
2024	1,328,825	28,463	1,357,288
2025	797,242	21,161	818,403
2026	797,242	16,517	813,759
2027	770,927	11,873	782,799
2028-2031	1,603,600	16,344	1,619,945
Totals	6,690,376	130,441	6,820,817

### Installment Purchases

The City has also entered into a installment purchase where the government pledged income derived from the acquired or constructed assets to pay the debt service.

At December 31, 2022 the installment purchases consist of the following:

Purpose	Maturity Range	Purchase Amount	Amount of Installment	Sales Tax Amount*
Body Worn Cameras	5 yrs.	315,927	71,617	5,530

Installment purchase requirements to maturity are as follows:

<b>Installment Purchases</b>			
Year Ending	Installment	Sales Tax*	Total
2023	62,460	6,551	69,011
2024	62,460	5,871	68,331
2025	62,460	5,871	68,331
2026	62,460	5,871	68,331
Totals	249,840	23,484	274,004**

\*Sales tax amount is subject to change.

\*\*Difference between Notes and Schedule 09 is due to rounding



## **NOTE 6 – PENSION PLANS**

### **State Sponsored Pension Plans**

Substantially all City of Bonney Lake full-time and qualifying part-time employees participate in one of 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)

Public Safety Employees' Retirement System (PSERS)

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)

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

The Department of Retirement Systems, 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](http://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 (assets), as reported on the Schedule of Liabilities, was as follows:

	<b>Employer Contributions</b>	<b>Allocation %</b>	<b>Liability (Asset)</b>
PERS 1	329,311	0.053733%	\$1,496,124
PERS 2/3	551,373	0.068632%	(\$2,545,411)
PSERS 2	11,815	0.026706%	(\$19,095)
LEOFF 1	N/A	0.009033%	(\$259,122)
LEOFF 2	204,660	0.098855%	(\$2,686,580)

### 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.

### Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:  
With a benefit that is reduced by three percent for each year before age 65; or  
With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Public Safety Employees' Retirement System (PSERS)

PSERS Plan 2 was created by the 2004 Legislature and became effective July 1, 2006. To be eligible for membership, an employee must work on a full time basis and:

Have completed a certified criminal justice training course with authority to arrest, conduct criminal investigations, enforce the criminal laws of Washington, and carry a firearm as part of the job; or

Have primary responsibility to ensure the custody and security of incarcerated or probationary individuals; or

Function as a limited authority Washington peace officer, as defined in RCW 10.93.020; or

Have primary responsibility to supervise eligible members who meet the above criteria.

PSERS membership includes:

PERS 2 or 3 employees hired by a covered employer before July 1, 2006, who met at least one of the PSERS eligibility criteria and elected membership during the period of July 1, 2006 to September 30 2006; and

Employees hired on or after July 1, 2006 by a covered employer, that meet at least one of the PSERS eligibility criteria.

PSERS covered employers include:

Certain State of Washington agencies (Department of Corrections, Department of Natural Resources, Gambling Commission, Liquor Control Board, Parks and Recreation Commission, and Washington State Patrol),

Washington State Counties,

Washington State Cities (except for Seattle, Spokane, and Tacoma),

Correctional entities formed by PSERS employers under the Interlocal Cooperation Act.

PSERS Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the average final compensation (AFC) for each year of service. The AFC is based on the member's 60 consecutive highest creditable months of service. Benefits are actuarially reduced for each year that the member's age is less than 60 (with ten or more service credit years in PSERS), or less than 65 (with fewer than ten service credit years). There is no cap on years of service credit. Members are eligible for retirement at the age of 65 with five years of service; or at the age of 60 with at least ten years of PSERS

service credit; or at age 53 with 20 years of service. Retirement before age 60 is considered an early retirement. PSERS members who retire prior to the age of 60 receive reduced benefits. If retirement is at age 53 or older with at least 20 years of service, a three percent per year reduction for each year between the age at retirement and age 60 applies. PSERS Plan 2 retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PSERS Plan 2 members are vested after completing five years of eligible service.

#### ICMA-RC GOVERNMENT MONEY PURCHASE PLAN AND TRUST

All full-time and qualifying part-time employees are given the option to participate in a 457(b) defined contribution qualified plan administered by Mission Square, a non-profit financial services corporation. Contributions to the system by employees is optional, and employees may contribute as much to the plan as they wish, within the contribution limits set by the Internal Revenue Service. Contributions to the system by the employer are matched up to \$150 per month. The City Administrator is authorized to receive a total City contribution match of \$300 per month. Vesting schedule based upon Plan. The City of Bonney Lake contributed a total amount of \$178,252 in employer paid benefits in 2022.

#### **NOTE 7 –OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS**

The City administers a single-employer, defined benefit healthcare plan, the LEOFF 1 Retiree Healthcare Plan. The plan provides lifetime healthcare benefits for eligible LEOFF 1 retirees through the City's group healthcare plans, which cover both active and retired members. Benefit provisions are established through the LEOFF Disability Board representing LEOFF 1 retirees. The LEOFF 1 Retiree Healthcare Plan does not issue a publicly available financial report. The City contributes 100 percent of the cost of the LEOFF 1 Retiree Healthcare Plan. Plan members do not contribute to the plan. As of December 31, 2022, the plan had 1 member, all retirees. For fiscal year 2022, the City contributed \$3,873 to the plan. Plan costs are paid through the General Fund.

#### Law Enforcement Officers and Firefighters (LEOFF)

Plan Description: As required by the Revised Code of Washington (RCW) Chapter 41.26, the City provides lifetime medical care for members of the Law

Enforcement Officers and Firefighters (LEOFF) retirement system hired before October 1, 1977, under a defined benefit plan administered by the City. This plan is commonly referred to as LEOFF 1. The City provides LEOFF 1 post-employment benefits for one retired law enforcement employee.

Under the LEOFF 1 healthcare reimbursements, mandated by RCW 41.26, RCW 41.18, and RCW 41.20, the plan member has no required contributions. The City is required to pay all healthcare expenses incurred by LEOFF 1 retirees. The City's cost is reduced by any amounts retirees receive from Medicare or any other health plans. LEOFF 1 retirees may request reimbursement for healthcare expenses that are not paid by their primary healthcare plan.

Amendments to the plan may be made through State statute.

Membership: Membership in LEOFF 1 includes participants who joined the system by September 30, 1977. As of December 31, 2022, one City employee meets this requirement. This is considered a closed group. No new members are permitted.

Funding Policy: Funding for LEOFF 1 retiree healthcare costs is provided entirely by the City as required by RCW. The City's funding policy is based upon pay-as-you-go financing requirements. Retirees are not required to contribute any portion of the cost coverage.

## OPEB Liability

The City's OPEB liability was measured as of December 31, 2022, and the total OPEB liability was \$364,363.

The following presents the total OPEB liability of the City, calculated using the current healthcare.

## Changes in the Total OPEB Liability –LEOFF Plan 1

<b><u>Changes in Total Pension Liability</u></b>	
<b>Balance as of Dec 31, 2021</b>	<b>\$399,050</b>
<b>Changes for the Year:</b>	
Service Cost	\$0
Interest on Total Pension Liability	\$8,303
Changes in Experience Data & Assumptions	(\$13,531)
Estimated Benefit Payments	(\$29,459)
<b>Total OPEB Liability - Ending</b>	<b>\$364,363</b>

The City contributed \$10,057 at December 31, 2022. For the City's single retired LEOFF 1 member, the City purchased health insurance from LEOFF Health & Welfare Trust for \$3,873. The retired law enforcement employee received a benefit contribution of \$6,184 for retiree-only coverage.

## **NOTE 8 – RISK MANAGEMENT**

### **Liability and Property**

The City of Bonney Lake 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, with auto physical damage deductible of \$1,000 and property deductible of \$25,000. 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.



## Healthcare/Medical

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

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

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

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

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

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

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

Participating employers contract to remain in the AWC Trust HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date.

When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the AWC Trust HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the AWC Trust HCP. Similarly, the terminating member forfeits all rights and interest to the AWC Trust HCP Account.

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

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

is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor's office.

**NOTE 9 – Special Items**

The City received a one-time revenue of \$1,194,885 for the sale of the property known as Compas Pointe. This property was purchased in 2014 for construction of a new city business facility. The City later decided on a different location and constructed the Public Services Center. This property was determined to be "surplus" and was sold. The purchase was split between the Water, Sewer, and Storm Water funds and the proceeds of the sale were split the same.

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

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>General Obligation Debt/Liabilities</b>						
251.11	2017 G.O.Bond- BONGO17 5/4/2017	12/1/2031	3,203,000	-	289,000	2,914,000
251.11	2015 LTGO Bond Refunding 3/26/2015	12/1/2032	5,475,000	-	410,000	5,065,000
<b>Total General Obligation Debt/Liabilities:</b>			<b>8,678,000</b>	<b>-</b>	<b>699,000</b>	<b>7,979,000</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
252.11	BONWAT16 - 2016 Water/Sewer/storm Bonds 10/12/2016	12/1/2041	13,835,000	-	465,000	13,370,000
259.12	Compensated Absences		1,679,880	-	107,497	1,572,383
263.52	PD Body Cams - Axon	12/31/2026	-	345,624	71,617	274,007
263.88	PW 03-691-003 Spring Source H2O 08/29/2003	7/1/2023	127,432	-	63,715	63,717
263.88	PW 04-691-008 Ballpark Well treatmnt 06/07/2004	7/1/2024	536,029	-	178,676	357,353
263.88	PW 04-691-009 Leak Reduction Pgm 06/07/2004	7/1/2024	742,366	-	247,456	494,910
263.88	PC 08-951-004 Leak Reduction II 01/15/2009	7/1/2028	2,083,460	-	297,637	1,785,823
263.88	PW 02-691-006 Sumner Trt Plnt 04/23/2002	7/1/2022	373,047	-	373,047	-
263.88	PW 04-691-007 Sewer Trt Plnt Upgde 06/07/2004	7/1/2024	316,350	-	105,450	210,900
263.88	PW 06-962-ELP-302 Reconst Sewr to 01/02/2007	7/1/2026	131,579	-	26,316	105,263
263.88	PC 08-951-005 Reconstruct Swr line 01/16/2009	7/1/2028	1,370,122	-	195,732	1,174,390
263.88	PC 12-951-045 Waste Water Treatment Plnt 8/9/2012	7/1/2031	2,775,578	-	277,558	2,498,020
264.30	Pension Liability		672,985	823,139	-	1,496,124
264.40	OPEB Liability		399,050	-	34,687	364,363
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>25,042,878</b>	<b>1,168,763</b>	<b>2,444,388</b>	<b>23,767,253</b>
<b>Total Liabilities:</b>			<b>33,720,878</b>	<b>1,168,763</b>	<b>3,143,388</b>	<b>31,746,253</b>

**City of Bonney Lake**  
**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		
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Bulletproof Vest Partnership Program	16.607	-	-	1,774	1,774	-	1, 3
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Edward Byrne Memorial Justice Assistance Grant Program	16.738	-	-	30,497	30,497	-	1, 3
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via CITY OF PUYALLUP)	Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	18,628	-	18,628	-	1, 3
<b>Total ALN 16.738:</b>				<b>18,628</b>	<b>30,497</b>	<b>49,125</b>	-	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via WA STATE OFFICE OF THE ATTORNEY GENERAL)	National Sexual Assault Kit Initiative	16.833	RU-22-04	3,500	-	3,500	-	1, 3
<b>Highway Planning and Construction Cluster</b>								
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA STATE TRAFFIC SAFETY COMMISSION)	Highway Planning and Construction	20.205	LA10111	1,184,024	-	1,184,024	-	1, 3
<b>Total Highway Planning and Construction Cluster:</b>				<b>1,184,024</b>	<b>-</b>	<b>1,184,024</b>	-	
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WASPC)	Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	HH Radar	1,598	-	1,598	-	1, 3

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

**City of Bonney Lake**  
**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		
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WASPC)	Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	FST	1,000	-	1,000	-	1, 3
<b>Highway Safety Cluster</b>				<b>2,598</b>	<b>-</b>	<b>2,598</b>	<b>-</b>	
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA STATE TRAFFIC SAFETY COMMISSION)	National Priority Safety Programs	20.616	N/A	6,267	-	6,267	-	1, 3
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA STATE TRAFFIC SAFETY COMMISSION)	National Priority Safety Programs	20.616	N/A	3,759	-	3,759	-	1, 3
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA STATE TRAFFIC SAFETY COMMISSION)	National Priority Safety Programs	20.616	N/A	974	-	974	-	1, 3
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA STATE TRAFFIC SAFETY COMMISSION)	National Priority Safety Programs	20.616	N/A	2,551	-	2,551	-	1, 3

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

# City of Bonney Lake

## Expenditures

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

**Notes to Schedule of Expenditures of Federal Awards:**

Note 1 – Basis of Accounting

This Schedule is prepared on the same basis of accounting as the city's financial statements. The City of Bonney Lake uses the cash basis of accounting for all funds

Note 2 – Indirect Cost Rate

The City of Bonney Lake has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance

Note 3 – Program Costs

The amounts shown as current year expenditures represent only the federal grant portion of the program costs, including the City's portion, are more than shown. Such expenditures are recognized following, as applicable, either the cost principles in the OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 4 – Federal Disaster Relief

The amounts shown as current year expenditures for Fire Management Sumner Grade Fire were incurred by the City in Fiscal Year 2020. They are included to satisfy reporting requirements.



## ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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