



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

City of Quincy

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

Published May 23, 2024

Report No. 1034747



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

May 23, 2024

Mayor and City Council
City of Quincy
Quincy, Washington

Report on Financial Statements

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

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

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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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 Quincy January 1, 2022 through December 31, 2022

Mayor and City Council
City of Quincy
Quincy, 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 Quincy, 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 April 24, 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.

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.



Pat McCarthy, State Auditor

Olympia, WA

April 24, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

City of Quincy January 1, 2022 through December 31, 2022

Mayor and City Council
City of Quincy
Quincy, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of the City of Quincy, 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 Quincy, 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 Quincy, as of December 31, 2022, or the changes in financial position or cash flows thereof for the year then ended, because of the significance of the matter discussed below.

Basis for Unmodified and Adverse Opinions

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's financial statements. The Schedule of Liabilities is presented for purposes of additional analysis, as required by the prescribed BARS Manual. This schedule is 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 April 24, 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

April 24, 2024

FINANCIAL SECTION

City of Quincy 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 the Financial Statements – 2022

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2022

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

		Total for All Funds (Memo Only)	001 Current Expense Fund	101 Library Fund	102 Street Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	38,804,134	16,578,429	16,826	6,582,321
388 / 588	Net Adjustments	-	(45,866)	-	-
Revenues					
310	Taxes	12,919,909	7,923,306	-	4,457,174
320	Licenses and Permits	1,886,114	1,658,260	-	-
330	Intergovernmental Revenues	2,020,332	1,865,208	-	155,124
340	Charges for Goods and Services	21,451,108	1,253,151	834	3,457
350	Fines and Penalties	6,141	6,141	-	-
360	Miscellaneous Revenues	1,389,957	320,765	34,290	172,540
Total Revenues:		39,673,561	13,026,831	35,124	4,788,295
Expenditures					
510	General Government	2,839,898	1,302,303	-	-
520	Public Safety	5,413,176	5,413,176	-	-
530	Utilities	11,972,790	-	-	-
540	Transportation	1,255,296	-	-	1,007,813
550	Natural/Economic Environment	647,007	624,122	-	-
560	Social Services	112,105	112,105	-	-
570	Culture and Recreation	1,126,912	1,028,709	66,423	-
Total Expenditures:		23,367,184	8,480,415	66,423	1,007,813
Excess (Deficiency) Revenues over Expenditures:		16,306,377	4,546,416	(31,299)	3,780,482
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	14,940,758	-	-	-
397	Transfers-In	7,089,496	173,100	24,000	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	6,717,544	4,626,127	-	-
Total Other Increases in Fund Resources:		28,747,798	4,799,227	24,000	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	13,005,686	2,082,787	-	6,222,501
591-593, 599	Debt Service	14,369,229	-	-	-
597	Transfers-Out	7,089,496	6,916,396	-	5,934
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	6,270,739	1,574,860	-	-
Total Other Decreases in Fund Resources:		40,735,150	10,574,043	-	6,228,435
Increase (Decrease) in Cash and Investments:		4,319,025	(1,228,400)	(7,299)	(2,447,953)
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	8,666,979	-	-	1,074,309
50841	Committed	-	-	-	-
50851	Assigned	22,207,369	3,055,341	9,528	3,060,061
50891	Unassigned	12,248,822	12,248,822	-	-
Total Ending Cash and Investments		43,123,170	15,304,163	9,528	4,134,370

The accompanying notes are an integral part of this statement.

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

		110 Tourist/visitor Fund	120 Affordable Housing Sales Tax Fund	305 Recreation Center Project	312 Capital Improvements Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	115,965	49,982	9,346	1,848,799
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	74,229	45,464	-	209,868
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	1,937	1,232	29,253	29,052
Total Revenues:		76,166	46,696	29,253	238,920
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	22,885	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	31,780	-	-	-
Total Expenditures:		54,665	-	-	-
Excess (Deficiency) Revenues over Expenditures:		21,501	46,696	29,253	238,920
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	4,650,000	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	4,650,000	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	-	-	-
Increase (Decrease) in Cash and Investments:		21,501	46,696	4,679,253	238,920
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	137,466	96,679	-	2,087,718
50841	Committed	-	-	-	-
50851	Assigned	-	-	4,688,599	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		137,466	96,679	4,688,599	2,087,718

The accompanying notes are an integral part of this statement.

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

		316 Sidewalk Improvement Fund	401 Water Fund	406 Industrial Sewer Operating	410 Domestic Sewer Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	2,141,837	3,983,117	1,372,746	5,915,747
388 / 588	Net Adjustments	-	-	45,866	-
Revenues					
310	Taxes	209,868	-	-	-
320	Licenses and Permits	-	-	227,854	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	2,168,494	11,976,229	2,426,687
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	28,669	91,552	592,758	82,116
Total Revenues:		238,537	2,260,046	12,796,841	2,508,803
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	1,486,996	7,651,017	1,110,285
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	1,486,996	7,651,017	1,110,285
Excess (Deficiency) Revenues over Expenditures:		238,537	773,050	5,145,824	1,398,518
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	14,940,758	-
397	Transfers-In	-	2,242,396	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	18,550	2,072,592	-
Total Other Increases in Fund Resources:		-	2,260,946	17,013,350	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	10,790	774,726	3,160,222	754,385
591-593, 599	Debt Service	-	-	13,995,490	373,739
597	Transfers-Out	-	1,479	14,208	1,161
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	19,300	4,634,506	42,073
Total Other Decreases in Fund Resources:		10,790	795,505	21,804,426	1,171,358
Increase (Decrease) in Cash and Investments:		227,747	2,238,491	354,748	227,160
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	2,369,584	2,242,396	497,589	161,238
50841	Committed	-	-	-	-
50851	Assigned	-	3,979,214	1,275,773	5,981,668
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		2,369,584	6,221,610	1,773,362	6,142,906

The accompanying notes are an integral part of this statement.

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

		420 Refuse Division	501 Fleet Maintenance	502 Insurance Fund	503 Central Services
Beginning Cash and Investments					
308	Beginning Cash and Investments	158,754	10,195	10,065	10,005
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	1,835,047	246,832	902,406	637,971
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	4,763	454	133	443
Total Revenues:		1,839,810	247,286	902,539	638,414
Expenditures					
510	General Government	-	-	899,453	638,142
520	Public Safety	-	-	-	-
530	Utilities	1,724,492	-	-	-
540	Transportation	-	247,483	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		1,724,492	247,483	899,453	638,142
Excess (Deficiency) Revenues over Expenditures:		115,318	(197)	3,086	272
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	-	-	275	-
Total Other Increases in Fund Resources:		-	-	275	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	275	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	150,318	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		150,318	-	275	-
Increase (Decrease) in Cash and Investments:		(35,000)	(197)	3,086	272
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	-
50841	Committed	-	-	-	-
50851	Assigned	123,756	10,000	13,151	10,278
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		123,756	10,000	13,151	10,278

The accompanying notes are an integral part of this statement.

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

		Custodial
308	Beginning Cash and Investments	18,448
388 & 588	Net Adjustments	-
310-390	Additions	7,534
510-590	Deductions	8,758
	Net Increase (Decrease) in Cash and Investments:	(1,224)
508	Ending Cash and Investments	17,224

The accompanying notes are an integral part of this statement.

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

Note 1 - Summary of Significant Accounting Policies

The City of Quincy was incorporated on March 27, 1907, and operates under the laws of the state of Washington applicable to a non-charter code city. The city is a general purpose local government and provides public safety, fire prevention, street improvement, parks, recreation, health and social services, and general administrative services. In addition, the City owns and operates water, sewer, reuse and solid waste utilities.

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 (see Note 3 – Component Unit(s), Joint Ventures, and Related Parties).
- 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 the 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.

Internal Service Funds

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

Fiduciary Fund Types:

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

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 29 days for Teamsters union employees, 33 days for Quincy Police Officer's Association employees and up to 35 days for non-union employees, depending upon years of service, and is payable upon separation or retirement.

All nonexempt employees may accumulate up to 80 hours of Compensated Time (Comp Time) and is payable upon separation or retirement.

Sick leave may be accumulated up to 720 hours for the Excluded and Exempt classifications. Upon separation or retirement employees do not receive payment for unused sick leave.

Sick leave may accumulate up to 960 hours for members of the Quincy Police Officers' Association. Upon separation or retirement, Quincy Police Officers' Association members do receive payment for unused sick

leave per the bargaining agreement at 10% after 5 years of employment and 50% upon retirement or after 20 years of service. Dependents of an employee involved in a Line of Duty death will receive 100% cash out. No “cash out” for just cause disciplinary termination. Payments are recognized as expenditures when paid.

Sick leave may accumulate up to 960 hours for members of Teamsters Local 760. Upon separation or retirement, members do receive payment for unused sick leave per the bargaining agreement at 10% after 10 years of employment and 25% upon retirement. No “cash out” for just cause disciplinary termination. Payments are recognized as expenditures when paid.

F. Long-Term Debt

See Note 6, *Long-Term Debt*.

G. Restricted and Committed Portion of Ending Cash and Investments

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

Restrictions of Ending Cash and Investments consist of:

Restricted Cash and Investment:

- **Water Fund 401**, \$2,242,396 – In 2021, Federal funds were appropriated for the Coronavirus State and Local Fiscal Recovery Funds (SLFRF), a part of the American Rescue Plan, in response to and recovery from the COVID-19 public health emergency. The City received the first half in 2021, with the second half paid in 2022. The Funds are restricted due to required compliance with section 603(c) of the Social Security Act, Treasury’s regulations implementing that section, and guidance issued by Treasury regarding the funds.
- **Industrial Sewer Operating Fund 406 (Fund 405 Rolled into 406)**, \$497,589 – In 2022, the City received a true up from Woodard & Curran pertaining to the Reuse Utility users. The money is restricted and was entered as “Holding and Clearing Account Transaction” per the BARS Manual. In 2023, to address the true up, City Council established Fund 419, Water Reuse Reserve Fund, per Ordinance 23-597, to receive and expend all moneys from the Annual True Up with the City’s contractor that operates and maintains the City’s Water Reuse Utility.
- **Domestic Sewer Fund 410 (Fund 417 Rolled into 410)**, \$161,238 - Per USDA-RD debt covenants, the City must hold 1 year of debt service in reserve for the duration of the loan.
- **Capital Improvement Fund 312**, \$2,087,718.36 – A real estate excise tax (REET 1) imposed on the sale of real property and restricted to local capital projects is placed in a municipal capital improvements fund (RCW 82.46.030).
- **Sidewalk Improvement Fund 316** - \$2,369,583.90. A real estate excise tax (REET 2) imposed on the sale of real property and restricted to local capital projects as defined identified in RCW 82.46.035. Proceeds should be placed in the capital projects fund (RCW 82.46.030). **QMC 3.50.316 Sidewalk Improvements Fund.** The Sidewalk Improvements Fund is established as BARS Fund 316 to receive and accumulate the proceeds from the additional real estate excise tax authorized by section [3.26.010\(B\)](#), for the financing capital projects related to the City’s sidewalks, as specified in the capital facilities plan element of the City’s comprehensive plan, as authorized by RCW [82.46.035](#), as presently adopted and subject to any amendments thereto.

- The Special Revenue Funds:
 - **Street Fund 102** (*Fund 103 Rolled into 102*), \$1,074,309 – The balance of \$1,074,309 was received from three separate development agreements for improvements to M Street Northeast.
 - **Tourist/Visitor Fund 110**, \$137,465.60 – Funds received from local hotel/motel tax (Chapter 67.28.RCW) and special local hotel/motel tax (Chapters 67.28, 67.40, 35.101 and 36.100 RCW) must be used solely for the purpose of tourist promotion, acquisition of tourism related facilities, or operation of tourism.
 - **Affordable Housing Sales Tax Fund 120**, \$96,678.51 – Funds received from sales and use tax, as authorized by RCW 82.14.540 and imposed by the City under QMC 3.50.120. Revenues are restricted by state statute solely for the purpose of providing affordable housing as defined in RCW 52.14.540.

Note 2 – Budget Compliance

The City adopts annual appropriated budgets for all funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

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

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

Fund	Final Appropriated Amount	Actual Expenditures	Variance
001 Current Expense Fund	\$26,764,822.59	\$18,838,023.62	\$7,926,798.97
101 Library Fund	\$71,684.90	\$68,922.64	\$2,762.26
102 Street Fund	\$2,663,683.12	\$1,113,856.61	\$1,549,826.51
103 Street Construction Reserve	\$8,167,752.37	\$6,122,390.97	\$2,045,361.40
104 Equipment Reserve Fund	\$427,713.29	\$62,336.28	\$365,377.01
105 Park Reserve Fund	\$2,072,423.05	\$147,506.19	\$1,924,916.86
106 Fire Dept. Reserve Fund	\$1,627,779.49	\$1,616,124.77	\$11,654.72
107 Contingency Fund	\$145,125.51	\$0.00	\$145,125.51
108 Library Reserve	\$6,676.39	\$0.00	\$6,676.39
109 Police Dept. Reserve Fund	\$566,806.11	\$29,574.47	\$537,231.64
110 Tourist/visitor Fund	\$151,095.34	\$54,665.36	\$96,429.98
111 Mechanic Shop Reserve Fund	\$13,414.08	\$0.00	\$13,414.08
113 Drug Education/prevention	\$35,032.45	\$7,076.04	\$27,956.41
117 LEOFF I	\$204,135.30	\$9,057.39	\$195,077.91
120 Affordable Housing Sales Tax Fund	\$85,002.12	\$0.00	\$85,002.12
305 Recreation Center Project	\$9,009,356.26	\$0.00	\$9,009,356.26
312 Capital Improvements Fund	\$1,900,599.22	\$0.00	\$1,900,599.22
316 Sidewalk Improvement Fund	\$2,193,837.36	\$10,789.50	\$2,183,047.86
401 Water Fund	\$8,692,627.45	\$2,263,198.02	\$6,429,429.43
402 W/S Bond Redemption	\$874,311.00	\$874,310.28	\$0.72

403 Water Repair & Replacement	\$465,535.20	\$0.00	\$465,535.20
405 Water Reuse Utility Fund	\$7,484,921.44	\$18,657,500.68	(\$11,172,579.24)
406 Industrial Sewer Operating	\$7,562,696.28	\$5,876,586.21	\$1,686,110.07
407 Domestic Sewer R&R Fund	\$473,063.86	\$0.00	\$473,063.86
409 Pre-Treatment Fund	\$359,827.39	\$298,638.54	\$61,188.85
410 Domestic Sewer Fund	\$7,562,618.83	\$2,302,643.27	\$5,259,975.56
415 USDA Equipment Reserve	\$240,941.98	\$0.00	\$240,941.98
416 USDA Bond Fund	\$161,238.00	\$161,238.00	\$0.00
417 USDA Bond Reserve Fund	\$185,026.21	\$0.00	\$185,026.21
420 Refuse Division	\$1,978,603.71	\$1,874,807.54	\$103,796.17
430 Consumer Deposit Fund	\$40,100.00	\$19,300.00	\$20,800.00
460 Reuse Construction Fund	\$5,032,544.42	\$5,032,544.63	(\$0.21)
501 Fleet Maintenance	\$410,215.28	\$247,481.54	\$162,733.74
502 Insurance Fund	\$915,066.82	\$899,727.32	\$15,339.50
503 Central Services Fund	\$694,556.99	\$638,140.82	\$56,416.17

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

The 405 Water Reuse Utility Fund had the 2019 Anticipated Bond Loan from Washington Trust Bank with the goal of converting it to a Revenue Bond once the project was completed. The Note was extended and the final note extension ended December 20, 2022. On December 16, 2022, the City passed Ordinance 22-584, an ordinance authorizing the issuance of a water and sewer revenue bond in the principal amount of not to exceed \$12,000,000 and accepting the offer of Washington Trust Bank to purchase the bond. The final budget amendment was approved on December 16, 2022, but omitted the addition of the \$12,000,000 on both the Revenues and Expenditures. The City recognized the error during preparation of the 2022 annual report and prepared a budget amendment for adoption by the City Council on the June 6, 2023 Council Meeting, after the due date of this report. Upon adoption of the budget ordinance, the Fund 405 will be in compliance with appropriated budget as indicated below.

405 Water Reuse Utility Fund	\$19,484,921.44	\$18,657,500.68	\$827,420.76
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The 460 Reuse Construction Fund was established as the construction fund for the Reuse Utility. Excess money in the Fund was transferred to the 405 Water Reuse Utility Fund and the 460 Reuse Construction Fund was closed in early 2023.

Actual expenditures by fund represent more expenditures than total actual expenditures by the city due to several managerial funds that have been established that are rolled to meet the BARS requirements as prescribed by the WA State Auditor's Office under RCW 43.09. See Note 11, *Other Disclosures*.

Note 3 - Joint Ventures, Component Unit(s), and Related Parties

- A. Interlocal Agreement for the Operations of the Multi Agency Communication Center (Grant County, Cities in Grant County, Port of Moses Lake, and Fire Districts in Grant County) - 1995. The Interlocal Agreement established the Multi Agency Communications Center (MACC), an E911 communications center for Grant County. The City does not make a financial contribution to MACC other than through

the 911 tax imposed upon its residents by State Law and contract payments for dispatch services. The Board of Directors established under the Interlocal Agreement has the authority to establish a fair and equitable contribution from each participating entity for MACC. The Interlocal Agreement provides enhanced 911 services. A member appointed by Grant County Cities & Towns represents the city on the Board of Directors. The property acquired by MACC is shared by the participants in the Interlocal Agreement to the same extent as they have made financial contributions to MACC. Detailed financial statements for this entity can be obtained from MACC at 6500 32nd Ave NE, Suite 911, Moses Lake, WA 98837.

- B. There are several Councilmembers and Executive staff who serve on various community organizations and boards:
- Councilmember Kling serves as a Board Member on the Grant Transit Authority Board (GTA). GTA provides public transportation to all of Grant County. The city works with GTA to provide safe locations for bus stops.
 - Councilmember Harris serves on the Grant County Health District Board. They oversee the public health needs of Grant County. The city contributes \$4 per citizen to the Health District in support of their efforts to combat communicable and other diseases in Grant County. In 2022, the city contributed \$32,212 to Grant County Health District.
 - Councilmember Padron volunteers with Grant County Fire District #3 as a firefighter. Grant County Fire District #3 provides contract fire and life safety protection services for the City plus additional fees for fire plan review.

Note 4 – Deposits and Investments

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

Type of Investment	City's Own investments	Deposits and investments held by the City of Quincy as custodian for other local governments, individuals, or private organizations	Total
Bank Deposits	\$2,706,428.26	\$17,224.41	\$2,723,652.67
L.G.I.P.	\$33,220,087.59		\$33,220,087.59
Grant County Local Investment Pool (GCLIP)	\$4,192,669.78		\$4,192,669.78
U.S. Government Securities	\$3,003,982.00		\$3,003,982.00
Total	\$43,123,167.63	\$17,224.41	\$43,140,392.04

It is the city's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds or to the appropriate fund the investment was made from.

Investments in the State 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 www.tre.wa.gov.

Investments in Grant County Investment Pool

The city is a voluntary participant in the Grant County Local Investment Pool, an external investment pool operated by the County Treasurer. The pool is not rated or registered with the SEC. Rather, oversight is provided by the County Finance Committee in accordance with RCW 36.48.070. The city reports its investment in the pool at amortized cost, which is the same as the value of the pool per share. The GCLIP imposes an early withdrawal penalty for redemption less than 90 days' notice.

<i>Days before withdrawal:</i>	<i>Percentage of Monies Withdrawn:</i>
0-30 days	2.0% of monies withdrawn
31-60 days	1.0% of monies withdrawn
61-80 days	0.5% of monies withdrawn
81-89 days	0.2% of monies withdrawn

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

Note 5 - Interfund Loans

The following table displays interfund loan activity during 2022:

Borrowing	Lending	Balance			Balance
<u>Fund</u>	<u>Fund</u>	<u>1/1/2022</u>	<u>New Loans</u>	<u>Repayments</u>	<u>12/31/2022</u>
460	001	\$3,028,941	\$608,716	\$3,637,657	\$0
405	001	\$1,303,174	\$0	\$1,303,174	\$0
	TOTALS	\$4,332,115	\$608,716	\$4,940,831	\$0

The City setup the Fund 460 Reuse Construction fund to manage the funds for the construction of the Reuse Facility. The 001 Fund (Current Expense) was repaid with money received from a 2022 Bond with Washington Trust Bank. Microsoft has committed to ensuring the bond is paid through the rates established for the Reuse Utility. The Reuse Water Central Facility project was started up in May 2021 and has been successfully operating for over a year with minimal interruptions.

The 405 Water Reuse Utility Interfund loan was canceled by City Council and all interest paid to the 001 Current Expense Fund was refunded. See Note 11, *Other Disclosures*.

Note 6 – 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 revenue bonds and future payments requirements are as follows:

Year	Principal	Interest	Total
2023	\$ 1,834,491	\$ 1,067,293	\$2,901,784
2024	\$1,644,111	\$1,038,604	\$2,682,715
2025	\$1,684,818	\$991,328	\$2,676,146
2026	\$1,725,532	\$944,046	\$2,669,577
2027	\$1,767,955	\$895,054	\$2,663,009
2028-2032	\$9,538,656	\$3,677,859	\$13,216,516
2033-2037	\$8,950,201	\$2,194,123	\$11,144,324
2038-2042	\$5,467,628	\$860,488	\$6,328,116
2043-2047	\$680,147	\$126,043	\$806,190
2048-2052	\$457,897	\$25,817	\$483,714
TOTALS	\$ \$33,751,436	\$ \$11,820,654	\$45,572,090

Note 7 – Other Post-Employment Benefits (OPEB)

The LEOFF I Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by the City as required by RCW 41.26. The plan pays for 100% of eligible retirees' healthcare costs on a pay-as-you-go basis. As of December 31, 2022, the plan had one (1) LEOFF 1 members, all retirees.

As of December 31, 2022, the City's total OPEB liability was \$551,857, as calculated using the alternative measurement method.

For the year ended December 31, 2022, the City paid \$9,057.39 in benefits.

Note 8 – 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) and 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.

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

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$102,564	0.016735%	\$465,964
PERS 2/3	\$174,889	0.021769%	(\$807,365)
LEOFF 1		0.003474%	(\$99,656)
LEOFF 2	\$100,066	0.048333%	(\$1,313,545)

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 9 - 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 of Quincy's regular levy for the year 2022 was \$1.0026177328 per \$1,000 on an assessed valuation of \$5,020,838,127 for a total regular levy of \$5,033,981.34.

Note 10 - Risk Management

Property, Liability and Fidelity

The City of Quincy is a member of the Cities Insurance Association of Washington (CIAW). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provision of Chapter 39.34 RCW, the Interlocal Cooperation Act. The program was formed on September 1, 1988 when 34 cities in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As November 30, 2022, there are 195 members in the program.

The program provides the following forms of joint self-insurance and reinsurance coverage for its members: Property, including Automobile Comprehensive and Collision, Equipment Breakdown, and Crime Protection and Liability; including General, Automobile and Wrongful Acts, which are included to fit members various needs.

The program acquires reinsurance through their administrator, Clear Risk Solutions. Liability coverage is purchased to an aggregate limit of \$50,000,000 with a self-insured retention (SIR) of \$500,000. Members are responsible for a \$1,000 to \$50,000 deductible for each claim (can vary by member), while the program is responsible for the \$500,000 SIR. Since the program is a cooperative program, there is a joint liability among the participating members toward the sharing of the \$500,000 SIR, in addition to the deductible. The program also purchases a Stop Loss Policy as another layer of protection to its membership, with an attachment point of \$7,110,058, which is fully funded in its annual budget.

Property insurance is subject to a per occurrence SIR of \$500,000. Members are responsible for a \$1,000 deductible for each claim (some member deductibles vary). The program bears the \$500,000 SIR, in addition to the deductible.

Crime insurance is subject to a per occurrence SIR of \$25,000. Members are responsible for a \$1,000 deductible for each claim (some members deductibles vary). The program bears the \$25,000 SIR, in addition to the deductible.

Equipment breakdown insurance is subject to a per occurrence deductible of \$2,500, (cities and special districts) and \$500 (fire districts), which may vary per member, with the exception of Pumps & Motors, which is \$10,000. Members are responsible for the deductible amount of each claim. There is no program SIR on this coverage, with the exception of Pumps & Motors, which is \$15,000 and is covered by CIAW.

Cyber liability insurance is subject to a per-occurrence SIR of \$50,000. Members are responsible for a \$10,000 deductible for each claim, while the program is responsible for the remaining \$40,000 SIR.

Members contract to remain in the program for a minimum of one year, and must give notice before December 1, to terminate participation the following December 1. The Interlocal Agreement is renewed automatically each year. In the event of termination, a member is still responsible for contributions to the program for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Agreement.

The program has no employees. Claims are filed by members/brokers with Clear Risk Solutions, who have been contracted to perform program administration, underwriting, claims adjustment, and loss prevention for the program. Fees paid to the third party administrator under this arrangement for the year ending December 1, 2022, were \$2,747,183.56.

A board of ten members is selected by the membership from three geographic areas of the state on a staggered term basis and is responsible for conducting the business affairs of the program.

Unemployment Compensation - Reimbursable.

The City of Quincy has a “reimbursable” agreement with the Washington State Department of Employment Security Department (ESD) for unemployment compensation. This is considered a form of self-insurance. The city utilized the ESD for all claims activity. (See Schedule 21 for claims activity incurred during the fiscal year 2022). The City of Quincy only pays when an unemployment claim has been filed. In 2022, there were no claims.

The city feels that it has sufficient funds within its governmental and proprietary funds to accommodate any unemployment claims that may occur in the forthcoming fiscal period.

Workers Compensation Program – AWC

The City is a member of the AWC Workers Compensation Program which handles all Labor & Industry (L&I) claims pertaining to City employees.

Note 11 - Other Disclosures

- A. The City has several managerial funds that have been established to meet its fiscal and budgetary needs. For reporting purposes these funds are rolled to meet the BARS requirements as prescribed by the WA State Auditor's Office under RCW 43.09. The funds are:
- Current Expense Fund includes the funds of 001, 104, 105, 106, 107, 109, 111, 113 and 117.
 - Library Fund includes the funds of 101 and 108.
 - Street Fund includes the funds of 102 and 103.
 - Water Utility Fund includes the funds of 401, 403 and 430.
 - Sewer Utility Fund includes the funds of 410, 407, 415, 416 and 417.
 - Industrial Sewer Fund includes the funds of 406, 402, 404, 405, 409, 419, 450 and 460.
- B. The City of Quincy has three (3) active construction projects as of December 31, 2022, and two (2) projects with retainage to be paid in 2023. The projects include the projects listed below.

At year-end the City's commitment with the contractors was as follows:

Project Name	Spent as of 12/31/2022	Remaining Commitment
B Street NE Infrastructure Improvements - Central Avenue to 6th Avenue NE	\$2,989,437.09	\$284,008.96
Ultraviolet (UV) Disinfection System Equipment	\$0.00	\$585,381.11
Senior Center Building ADA Doors	\$0.00	\$18,850.60
<i>Completed in 2022 - Retainage to be Paid in 2023</i>		
Bob Jacques Way (8th Avenue SE) Improvements	\$653,087.08	\$34,373.00
J Street SW, Alder Street SW and Birch Street SW Roadway Resurfacing	\$992,906.52	\$52,258.24

- C. Liabilities: The City has long-term agreements with Woodard and Curran for process operations and upgrades to the Reuse, Domestic and Industrial Sewer Treatment Facilities, including the operation and maintenance of the Water Wells and Booster pump system, with fees associated for early termination.
- D. Contingencies and Litigations:
There may be a loss the City may incur due to environmental concerns related to fees assessed by the Department of Ecology (DOE) in an unknown amount between zero to potentially over one million dollars.
- E. In 2015, the City partnered with Microsoft Data Center to design and build a Water Reuse Facility to decrease the level of water needed by the data center for their cooling towers. The facility is a closed loop system that recycles the water through the reuse facility. The completion and start up for the Water Reuse Central Facility was June of 2021. Future scopes include extending the IRW & RWW Piping, RO System Modifications, Lime Softening Building Rehab and ASR Phase 2-5.
- F. The City was deeded one of the original homesteads from the Simmons Family with the provision it be made into a museum. The City, with its own resources, and with the resources of other, including the Quincy Valley Historical Society (QVHS), improved the property and relocated a historical building

on the property. The City has an agreement with the QVHS to provide services at the Museum for a monthly fee with the City providing necessary maintenance. In 2016, the QVHS, with permission and contributions from the City, constructed a Community Barn on the property that, upon termination of the agreement or dissolution of the QVHS, would immediately vest with the City. In 2022, the City paid QVHS \$34,363.22, which includes the monthly fee of \$2,500 and \$4,363.22 in reimbursement for repairs and improvements.

- G. The City has an agreement with Protection One, LLC (Protection-1), to provide Advanced Life Support (ALS) ambulance service for the residents within the City limits for a set amount with annual increase based on CPI. In addition to the annual fee, the City completed construction on a Public Safety Facility on the north side of the railroad tracks in 2019 that has sleeping quarters for two Emergency Medical Services (EMS) personnel along with four fire personnel. The City entered into a Memorandum of Understanding with both Protection-1 and Grant County Fire District #3 (District) for use of the facility. Per the MOU, the City maintains the building, grounds and provides cleaning supplies while the personnel from Protection-1 and District clean all interior areas of the facility. For the 2022 service year, the City paid Protection-1 \$260,000, which includes monthly fee of \$21,666.66.
- H. The City has a contract with Grant County Fire District #3 (District) to provide fire and life safety protection services within the City limits for a set amount with annual increase based on CPI, plus additional fees for fire plan review. In addition to the annual fee, the City completed construction on a Public Safety Facility on the north side of the railroad tracks in 2019 that has sleeping quarters for three residents and one per diem firefighter from the District along with the two EMS personnel. The City entered into a Memorandum of Understanding with both the District and Protection-1 for use of the facility. Per the MOU, the City maintains the building, grounds and provides cleaning supplies while the personnel from the District and Protection-1 clean all interior areas of the facility. In 2022, the City paid \$729,240.25 to Grant County Fire District #3 for all services provided.
- I. The City has an Interlocal Agreement with Grant County (County) for the provision of “Youth Services” through Quincy Partnership for Youth (QPY). The County will use the City funds to defray the cost of staffing, management, and delivery of youth services. Keeping the youth healthy and safe through educating the dangers of alcohol, drugs and tobacco products along with unhealthy behaviors is the main objective. In 2022, the City paid the County \$40,000.00.
- J. The City and Quincy School District #144 (QSD) have four agreements:
 - There is an Interlocal Agreement for the use, maintenance and care for the grounds at South Park, located adjacent to Pioneer Elementary School. No monetary exchange.
 - A Joint Use Interlocal Agreement to enable the City and QSD to make the most efficient use of their property by making facilities for use by the other party. No monetary exchange.
 - School Resource Officer (SRO) Agreement is a reimbursable agreement. The City received reimbursement for services provided in 2022 in the amount of \$51,453.73.
 - Extracurricular Events QSD reimbursable agreement. The City received reimbursement for services provided in 2022 the amount of \$5,813.75.
- K. Prior Year Adjustments: The City has one prior year adjustments completed in 2022.
 - The General Fund (001) did an interfund loan to the Water Reuse Utility Fund (405) for the purchase of land identified as a need for the utility at the time. Changes in the design and development of the project showed that the land was no longer needed. The City has identified other uses for the land so Council cancelled the interfund loan thus requiring paid interest to the General Fund, in the amount of \$45,886, be refunded to Water Reuse Utility Fund.

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

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
Revenue and Other (non G.O.) Debt/Liabilities						
252.11	Water & Sewer Revenue Bond - Oxford	10/16/2035	10,216,773	-	626,006	9,590,767
252.11	2022 Water & Sewer Revenue Bond - Reuse	12/16/2042	-	12,000,000	-	12,000,000
263.84	Municipal Wastewater Facility	11/25/2023	417,126	-	206,999	210,127
263.82	Sewer System Improvements	11/12/2050	3,107,747	-	68,525	3,039,222
263.88	Wastewater Reuse Project SRF-INE	6/1/2038	9,009,824	-	529,990	8,479,834
263.88	Wastewater Reuse Brine Flow Reduction	6/1/2038	458,454	-	26,968	431,486
263.62	2019 Anticipated Bond Loan WA Trust	10/28/2022	9,035,511	2,940,758	11,976,269	-
264.40	OPEB - LEOFF I		740,578	-	188,721	551,857
264.30	Net Pension Liability		183,954	282,010	-	465,964
259.12	Compensated Absences		335,003	540,189	437,936	437,256
Total Revenue and Other (non G.O.) Debt/Liabilities:			33,504,970	15,762,957	14,061,414	35,206,513
Total Liabilities:			33,504,970	15,762,957	14,061,414	35,206,513

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.

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