



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

City of Deer Park

For the period January 1, 2023 through December 31, 2023

Published September 30, 2024

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

September 30, 2024

Mayor and City Council
City of Deer Park
Deer Park, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the City of Deer Park'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 activities and condition.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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TABLE OF CONTENTS

Schedule of Findings and Questioned Costs.....	4
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	6
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance With the Uniform Guidance	9
Independent Auditor's Report on the Financial Statements.....	12
Financial Section.....	16
About the State Auditor's Office.....	35

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

City of Deer Park January 1, 2023 through December 31, 2023

SECTION I – SUMMARY OF AUDITOR’S RESULTS

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

Financial Statements

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

Internal Control over Financial Reporting:

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

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

Federal Awards

Internal Control over Major Programs:

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

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

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

Identification of Major Federal Programs

The following programs were selected as major programs in our audit of compliance in accordance with the Uniform Guidance.

<u>ALN</u>	<u>Program or Cluster Title</u>
11.300	Economic Development Cluster – Investments for Public Works and Economic Development Facilities
21.027	COVID-19 – CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS

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

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

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

INDEPENDENT AUDITOR'S REPORT

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

City of Deer Park January 1, 2023 through December 31, 2023

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

We noted certain other matters that we have reported to the management of the City in a separate letter dated September 24, 2024.

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

September 24, 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 Deer Park January 1, 2023 through December 31, 2023

Mayor and City Council
City of Deer Park
Deer Park, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the compliance of the City of Deer Park, 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, 2023. 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, 2023.

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

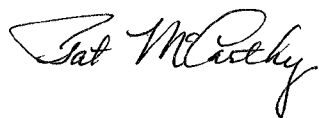
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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

September 24, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

City of Deer Park January 1, 2023 through December 31, 2023

Mayor and City Council
City of Deer Park
Deer Park, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of the City of Deer Park, as of and for the year ended December 31, 2023, 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 Deer Park, and its changes in cash and investments, for the year ended December 31, 2023, 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 Deer Park, as of December 31, 2023, or the changes in financial position or cash flows thereof for the year then ended, because of the significance of the matter discussed below.

Basis for Unmodified and Adverse Opinions

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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


Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Schedule

of Liabilities is also presented for purposes of additional analysis, as required by the prescribed BARS manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 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 written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

September 24, 2024

FINANCIAL SECTION

City of Deer Park January 1, 2023 through December 31, 2023

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2023
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2023
Notes to the Financial Statements – 2023

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2023
Schedule of Expenditures of Federal Awards – 2023
Notes to the Schedule of Expenditures of Federal Awards – 2023

City of Deer Park
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2023

		Total for All Funds (Memo Only)	001 General Fund	101 Street Fund	106 Civic Improvement Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	9,739,728	4,825,264	457,002	22,725
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	3,951,592	3,253,860	694,449	3,283
320	Licenses and Permits	390,015	341,615	-	-
330	Intergovernmental Revenues	3,163,327	116,024	692,323	-
340	Charges for Goods and Services	5,202,849	387,003	140,050	-
350	Fines and Penalties	29,656	3,874	-	-
360	Miscellaneous Revenues	1,140,994	306,335	73,019	1,593
Total Revenues:		13,878,433	4,408,711	1,599,841	4,876
Expenditures					
510	General Government	589,695	589,695	-	-
520	Public Safety	757,567	757,567	-	-
530	Utilities	1,893,567	-	-	-
540	Transportation	2,284,205	117,912	1,033,696	-
550	Natural/Economic Environment	697,634	691,634	-	6,000
560	Social Services	27,369	27,369	-	-
570	Culture and Recreation	600,087	471,720	-	-
Total Expenditures:		6,850,124	2,655,897	1,033,696	6,000
Excess (Deficiency) Revenues over Expenditures:		7,028,309	1,752,814	566,145	(1,124)
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	3,048,984	-	-	-
397	Transfers-In	851,000	-	850,000	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	6,156	573	-	-
Total Other Increases in Fund Resources:		3,906,140	573	850,000	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	7,134,029	105,374	29,591	-
591-593, 599	Debt Service	905,570	182,392	-	-
597	Transfers-Out	851,000	851,000	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	173,522	1,794	-	-
Total Other Decreases in Fund Resources:		9,064,121	1,140,560	29,591	-
Increase (Decrease) in Cash and Investments:		1,870,328	612,827	1,386,554	(1,124)
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	1,300,696	206,472	260,815	21,601
50841	Committed	-	-	-	-
50851	Assigned	7,968,939	2,891,203	1,582,739	-
50891	Unassigned	2,340,417	2,340,417	-	-
Total Ending Cash and Investments		11,610,052	5,438,092	1,843,554	21,601

The accompanying notes are an integral part of this statement.

City of Deer Park
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2023

		400 Water Operations Fund	401 Wastewater Operations Fund	406 Golf Course	415 Airport Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	721,739	2,592,969	225,983	(4,143)
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	48,400	-
330	Intergovernmental Revenues	331,339	546,519	-	1,477,122
340	Charges for Goods and Services	1,700,586	1,923,138	-	699,955
350	Fines and Penalties	25,612	-	-	170
360	Miscellaneous Revenues	123,502	115,917	69,862	384,684
Total Revenues:		2,181,039	2,585,574	118,262	2,561,931
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	948,021	944,579	967	-
540	Transportation	-	-	-	932,555
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	128,367	-
Total Expenditures:		948,021	944,579	129,334	932,555
Excess (Deficiency) Revenues over Expenditures:		1,233,018	1,640,995	(11,072)	1,629,376
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	110,375	2,685,061	-	253,548
397	Transfers-In	-	-	-	1,000
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	5,583	-	-	-
Total Other Increases in Fund Resources:		115,958	2,685,061	-	254,548
Other Decreases in Fund Resources					
594-595	Capital Expenditures	767,392	4,678,662	-	1,392,807
591-593, 599	Debt Service	458,821	264,357	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	74,246	35,788	-	61,694
Total Other Decreases in Fund Resources:		1,300,459	4,978,807	-	1,454,501
Increase (Decrease) in Cash and Investments:		48,517	(652,751)	(11,072)	429,423
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	487,467	324,341	-	-
50841	Committed	-	-	-	-
50851	Assigned	282,789	1,615,878	214,912	425,276
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		770,256	1,940,219	214,912	425,276

The accompanying notes are an integral part of this statement.

City of Deer Park
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2023

		501 Equipment Rental Fund	505 Equip Replacement Reserve
Beginning Cash and Investments			
308	Beginning Cash and Investments	31,689	866,500
388 / 588	Net Adjustments	-	-
Revenues			
310	Taxes	-	-
320	Licenses and Permits	-	-
330	Intergovernmental Revenues	-	-
340	Charges for Goods and Services	200,542	151,575
350	Fines and Penalties	-	-
360	Miscellaneous Revenues	-	66,082
Total Revenues:		200,542	217,657
Expenditures			
510	General Government	-	-
520	Public Safety	-	-
530	Utilities	-	-
540	Transportation	200,042	-
550	Natural/Economic Environment	-	-
560	Social Services	-	-
570	Culture and Recreation	-	-
Total Expenditures:		200,042	-
Excess (Deficiency) Revenues over Expenditures:		500	217,657
Other Increases in Fund Resources			
391-393, 596	Debt Proceeds	-	-
397	Transfers-In	-	-
385	Special or Extraordinary Items	-	-
381, 382, 389, 395, 398	Other Resources	-	-
Total Other Increases in Fund Resources:		-	-
Other Decreases in Fund Resources			
594-595	Capital Expenditures	-	160,203
591-593, 599	Debt Service	-	-
597	Transfers-Out	-	-
585	Special or Extraordinary Items	-	-
581, 582, 589	Other Uses	-	-
Total Other Decreases in Fund Resources:		-	160,203
Increase (Decrease) in Cash and Investments:		500	57,454
Ending Cash and Investments			
50821	Nonspendable	-	-
50831	Restricted	-	-
50841	Committed	-	-
50851	Assigned	32,188	923,954
50891	Unassigned	-	-
Total Ending Cash and Investments		32,188	923,954

The accompanying notes are an integral part of this statement.

City of Deer Park
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2023

		Total for All Funds (Memo Only)	Investment Trust	Custodial
308	Beginning Cash and Investments	236,520	3,000	233,520
388 & 588	Net Adjustments	-	(3,000)	3,000
310-390	Additions	174,631	-	174,631
510-590	Deductions	359,540	-	359,540
	Net Increase (Decrease) in Cash and Investments:	(184,909)	-	(184,909)
508	Ending Cash and Investments	51,612	-	51,612

The accompanying notes are an integral part of this statement.

CITY OF DEER PARK
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 - Summary of Significant Accounting Policies

The City of Deer Park was incorporated on June 24, 1908 and operates under the laws of the state of Washington applicable to a Non-Charter Code City. The City of Deer Park is a general-purpose local government and provides public and social services, water, sewer, and general administrative services.

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

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

A. Fund Accounting

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

GOVERNMENTAL FUND TYPES:

General Fund

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

Special Revenue Funds

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

Debt Service Funds

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

Capital Projects Funds

These funds account for financial resources which are 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.

Investment Trust Funds

These funds are used to report fiduciary activities from the external portion of investment pools and individual investment accounts that are held in trust.

Custodial Funds

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

B. Basis of Accounting and Measurement Focus

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

In accordance with state law the City of Deer Park 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 5, *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 1 year. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Vacation leave may be accumulated up to 30 days and is payable upon separation or retirement. Sick leave may be accumulated up to 720 hours. Upon separation or retirement an employee with accrued but unused sick leave in the bank, up to a maximum of seven hundred twenty (720) hours, shall be applied towards an HRA or VEBA account at the time of separation. The Employer will apply the entire balance of accrued but unused sick leave, up to the maximum amount (720) hours towards an HRA or VEBA trust managed by the Gallagher Group. The Employer will not make partial applications to the HRA or VEBA trust for eligible employees. One hundred percent (100%) of available (i.e. accrued but unused) sick leave hours/dollars will be applied. Payments are recognized as expenditures when paid.

F. Long-Term Debt

See Note 3, *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 City of Deer Park's legislative body. When expenditures that meet restrictions are incurred, the City of Deer Park intends to use the most restricted resources first.

Restrictions and commitments of Ending Cash and Investments consist of \$1,300,696.

A total of \$1,300,696 is restricted as of December 31, 2023 as follows:

State Loan Debt Service \$324,341

Fund 403 was designated as the state revolving reserves fund to be used as a reserve for state revolving loan number EL150052 that was obtained to facilitate the wastewater Lagoon Relining in 2014. The loan reserve within this fund shall be equivalent to at least the average annual debt service on the state revolving loan. Fund 403 rolls up to the 401 Wastewater Fund in the final presentation in the financial statements.

Arterial Street Fund \$260,815

Arterial Street Fund 102 Impact Fees regulated by RCW 82.02.070.

Tourism Fund \$21,601

Tourism Fund 106 This amount is Hotel/Motel taxes which is regulated by RCW 67.28.

Water Improvement Fund \$487,467

Water Improvement Fund 404 This amount is Water Rights Acquisition Fees which is an internal restriction regulated by DPMC 13.12.070. Fund 404 rolls up to fund 400 in the final presentation in the financial statements.

LTGO Bond Fund \$206,472

Fund 204 was created as a special fund of the City for the sole purpose of paying the principal and interest on the bonds. Fund 204 rolls up to fund 001 in the final presentation in the financial statements.

Note 2 – Budget Compliance

A. Budgets

The City of Deer Park 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/Department	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund	4,242,564	3,586,820	655,744
General Reserve Fund	0	0	0
6th & Cedar Lte	978,913	85,112	93,801
Street Fund	1,012,372	1,009,876	2,496
Arterial Street Fund	80,000	53,411	26,589
Facility Capital Improve	106,000	105,374	626
Capital Improvement	0	0	0
Civic Improvement	6,000	6,000	0
Airport Maint. Reserve	55,000	18,500	36,500
LTGO Bonds	94,200	94,150	50
WW State Loan	0	0	0
Water Fund	1,604,696	1,579,683	25,013
Wastewater Fund	1,645,409	1,616,590	28,819
Wastewater Loan Fund	263,135	263,132	2
Water Improve. Fund	797,500	768,798	28,702
W/W Improve. Fund	5,511,500	4,678,661	832,839
Golf Course Fund	102,000	84,992	17,008
Airport Fund	1,169,430	1,074,250	35,692
Airport Grant Fund	1,410,000	1,374,308	1,035,692
Equip. Rental Fund	201,000	200,043	957
Equip Rental Res. Fund	161,000	160,203	797
Golf Course Reserve	44,500	44,342	158

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

Note 3 – Long Term Debt

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the City of Deer Park and summarizes the City of Deer Park's debt transactions for year ended December 31, 2023

Loan PWTFPR 18-96103-060 is a design only loan of \$257,946 for the Sixth St. Reservoir and under State Funding Program was combined with SRF Capital Construction Loan Project for construction of Water Tank in 2021-2022. Per guidelines, 5-year loan converted to 20 year payback with amortization schedule and payments to be received in 2021.

CERB Loan S19-790AO-168. Cedar Road Loan from CERB total received in 2020 and 2021 was \$636,216. The city received a final disbursement from CERB Loan S19-790AO-168 in the amount of \$173,871. The payment date is determined by the date of the first draw. If disbursement is between Jan 1 and June 30 payment is due July 31 the year following the first disbursement. If the first disbursement is between July 1 and Dec 31, the payment is due Jan 31 of the year following the first disbursement. The first disbursement from CERB Loan S19-790AO-168 occurred on September 1, 2020. Repayment to start in January 2022.

Department of Ecology Loan EL220079 for the amount of \$6,698,000.00. The Lagoon and Pump Station Loan from Dept. of Ecology total received in 2023 was \$2,685,061.20. The first payment date is scheduled for 10/30/2024. This causes the total principal balance below to not match Schedule 9 (Schedule of Liabilities).

CARB Loan GCB3686. The city obtained and entered into a Community Aviation Revitalization Loan Agreement in 2022 for Airport sewer main installation but didn't start drawing until 2023. Total received in 2023 was \$253,548.41. The City received a loan repayment schedule based upon those disbursements. The City elected a 3-year deferral repayment period which delays the first annual loan prepayment to 12/1/2027 based upon a project completion date of 11/30/2023.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt</u>
2024	\$887,444	\$181,994	\$1,057,438
2025	\$986,929	\$228,645	\$1,215,573
2026	\$1,004,277	\$213,822	\$1,218,099
2027	\$841,327	\$217,797	\$1,059,125
2028	\$866,628	\$191,948	\$1,058,577
2029 - 2033	\$4,534,224	\$715,224	\$5,249,448
2034 - 2038	\$4,118,266	\$328,921	\$4,447,187
2039 - 2043	\$2,476,278	\$77,767	\$2,554,045
2044 - 2048	<u>\$186,650</u>	<u>\$842</u>	<u>\$187,492</u>
TOTALS	<u>\$15,890,023</u>	<u>\$2,156,960</u>	<u>\$18,046,984</u>

Note 4– Leases

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

The City of Deer Park leases a copier from Ricoh USA Inc. for \$198.02 per month under a 60-month FMV Lease Agreement. The City of Deer Park also leases a Neopost Inserter/Mail Machine from Quadient Leasing for \$310.89 per month under a 60-month Lease Agreement.

The total amount paid for leases in the current reporting period and future lease payments for each of the five subsequent years and in five-year increments thereafter.

The total amount paid for leases in 2023 was \$5,929. As of December 31, 2023, the future lease payments are as follows:

Year ended December 31	Total
2024	\$5,929
2025	\$2,198
2026	\$733

These Lease payments are included in the Schedule of Liabilities.

Note 5 – Deposits and Investments

Investments are reported at face value. Deposits and investments by type at December 31, 2023 are as follows:

<u>Type of Deposit or Investment</u>	City of Deer Park own deposits and investments	Deposits/Investment held by City as Custodian for other local governments	Total
Bank deposits	\$1,989,275	\$51,612	\$2,040,887
Local Government Investment Pool	<u>\$9,620,779</u>	<u>\$0</u>	<u>\$9,620,779</u>
Total	<u>\$11,610,054</u>	<u>\$51,612</u>	<u>\$11,661,666</u>

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

Investments in the State Local Government Investment Pool (LGIP)

The City of Deer Park 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 face value, 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

Note 6 - Pension Plans

A. State Sponsored Pension Plans

Substantially all City of Deer Park'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).

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, 2023 (the measurement date of the plans), the City of Deer Park's proportionate share of the collective net pension liabilities (assets), were as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1 UAAL	\$43,524	.006387	\$145,798
PERS 2/3	\$72,499	.008246	(\$337,977)

Note 7 - Property Tax

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

Property Tax Calendar	
January 1	Tax is levied and becomes an enforceable lien against the properties.
February 14	Tax bills are mailed
April 30	First of two equal installment payments are due
May 31	Assessed value of property established for next year's levy at 100 percent of market value.
October 31	Second installment is due

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

The City of Deer Park's regular levy for the year 2023 was \$0.8661 per \$1,000 on an assessed valuation of \$674,919,372 for a total regular levy of \$584,575.44.

Washington State Constitution and Washington State law, RCW 84.55.010, limit the rate.

NOTE 8 – Risk Management

The City of Deer Park is a member of the Association of Washington Cities Risk Management Service Agency (AWC RMSA). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to 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 provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC RMSA was formed on January 1, 1989, when 32 municipalities in the State of Washington joined by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 31, 2023, 106 entities participate in the AWC RMSA pool.

The AWC RMSA allows members to establish a program of joint insurance and provides risk management services to all members. All coverages, with the exception of pollution liability, are on an occurrence basis. The AWC RMSA provides all risk property, comprehensive crime, general liability, automobile liability, police liability, public officials' liability, employee fidelity and faithful performance, pollution liability, cyber liability, and equipment breakdown insurance coverage. Equipment breakdown is included with the property insurance carrier. Pollution and cyber liability coverages are stand-alone policies which the AWC RMSA procures for its members. The AWC RMSA allows members with airports to group purchase airport liability coverage, and members with drones to group purchase property and liability coverage.

Members pay an annual assessment to the AWC RMSA. The AWC RMSA is responsible for payment of all covered causes of loss against the jurisdiction above the stated retention. All members in the AWC RMSA have \$15 million in both per occurrence and aggregate liability limits. AWC RMSA is self-insured for its Self-Insured Retention (SIR) of \$500,000, per occurrence, and is reinsured by National League of Cities Mutual Insurance Company (NLC MIC) for the additional \$500,000. \$9.5 million in excess liability coverage limits is provided through an excess liability policy purchased from National League of Cities Mutual Insurance Company (NLC MIC). The \$5 million in excess liability coverage limits above the first layer of excess coverage is purchased from Hallmark Specialty Insurance Company. Since AWC RMSA is a cooperative program, there is joint liability among the participating members. The property reinsurance coverage is purchased through NLC MIC and excess property coverage is purchased through AIG Specialty Insurance Company and CHUBB. In 2023, AWC RMSA carried a retention of \$300,000, NLC MIC reinsures up to \$3 million, AIG Specialty Insurance Company provides excess insurance up to \$50 million, and CHUBB provides the remaining limits up to a total of \$250 million. All commercial policies have been purchased through the pool's Broker of Record, Aon.

Members contract to remain in the AWC RMSA pool for a minimum of one year and must give a one-year notice before terminating participation. Even after termination, a member is still responsible for contributions to the Pool for any unresolved, unreported, and in-process claims for the period they were signatory to the Interlocal Governmental Agreement.

The AWC RMSA establishes a loss fund for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses.

In accordance with WAC 200.100.02023, the AWC RMSA is governed by a board of directors, which is comprised of elected officials of participating members.

NOTE 9 – Other Disclosures

Upon looking at the Fiduciary Funds it was noticed that a Cable TV Deposit of \$3,000 was sitting in an Investment Trust Fund instead of a Custodial Fund. A Netted Adjustment was done to move the \$3,000 from the Investment Fund to the Custodial Fund.

**City of Deer Park
Schedule of Liabilities
For the Year Ended December 31, 2023**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	LTGO Bonds Deeparg014	12/31/2036	875,000	-	60,000	815,000
Total General Obligation Debt/Liabilities:			875,000	-	60,000	815,000
Revenue and Other (non G.O.) Debt/Liabilities						
263.84	Community Aviation Revitalization Loan GCB 3686	12/31/2041	-	253,548	-	253,548
259.12	Compensated Absences		260,581	-	11,610	248,971
263.57	Ricoh Copy Machine 4/2021	4/30/2026	7,327	-	2,198	5,129
263.57	Neopost Inserter/Mail Machine 9/2019	9/30/2024	7,461	-	3,731	3,730
263.84	Dept. of Ecology EL 220079	10/31/2044	48,148	2,685,061	-	2,733,209
263.84	CERB LOAN S19-790AO-168 DEFFERAL 3 YEAR	12/1/2043	779,213	-	48,538	730,675
263.84	DWSRF DWL-24937	1/2/2040	3,627,292	110,375	201,516	3,536,151
263.84	PWTFPR 18-96103-060	11/22/2039	230,793	-	13,576	217,217
263.84	DEPT. OF ECOLOGY L1400003 07/2013	4/30/2035	488,147	-	35,563	452,584
263.84	DEPT. OF ECOLOGY EL150052 07/2014	12/31/2037	2,835,516	-	163,747	2,671,769
264.30	NET PENSION LIABILITY		166,366	-	20,568	145,798
263.84	DWSRF REVENUE DEBT 10/2005	10/31/2026	686,772	-	171,693	515,079
Total Revenue and Other (non G.O.) Debt/Liabilities:			9,137,616	3,048,984	672,740	11,513,860
Total Liabilities:			10,012,616	3,048,984	732,740	12,328,860

City of Deer Park
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

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		
Economic Development Cluster								
ECONOMIC DEVELOPMENT ADMINISTRATION, COMMERCE, DEPARTMENT OF (via US DEPT OF COMMERCE)	Investments for Public Works and Economic Development Facilities	11.300	URI112766	1,056,257	-	1,056,257	-	2,3
Total Economic Development Cluster:				1,056,257	-	1,056,257	-	
CDBG - Entitlement Grants Cluster								
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via SPOKANE CO. HOUSING AND URBAN DEVELOPMENT "CDBG")	Community Development Block Grants/Entitlement Grants	14.218	CDBG 22- 25138	350,000	-	350,000	-	2,3
Total CDBG - Entitlement Grants Cluster:				350,000	-	350,000	-	
FEDERAL AVIATION ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	20.106		-	17,886	17,886	-	2
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WSDOT)	Highway Planning and Construction	20.205	STPR-32D1 (001)	1,293	-	1,293	-	2,3

The accompanying notes are an integral part of this schedule.

City of Deer Park
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

				Expenditures				Passed through to Subrecipients	Note
				ALN Number	Other Award Number	From Pass-Through Awards	From Direct Awards	Total	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WSDOT)	Highway Planning and Construction	20.205	STBGR-Y322 (001)	552	-	552	-	552	2,3
Total ALN 20.205:				1,845	-	1,845	-	1,845	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via ARPA SPOKANE COUNTY (COVID 19))	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	22 ARP 1147	546,519	-	546,519	-	546,519	2,3
Total Federal Awards Expended:				1,954,621	17,886	1,972,507	-	1,972,507	

The accompanying notes are an integral part of this schedule.

CITY OF DEER PARK
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 - BASIS OF ACCOUNTING

This schedule is prepared on the same basis of accounting as the City of Deer Park's financial statements. The City of Deer Park uses cash basis of accounting.

NOTE 2 – FEDERAL INDIRECT COST RATE

The City of Deer Park has not 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 federal award portion of the program costs. Entire program costs, including the City of Deer Park's portion, are more than shown. Such expenditures are recognized following, 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.

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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