



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

City of DuPont

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

Published September 30, 2024

Report No. 1035692



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



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

September 30, 2024

Mayor and City Council
City of DuPont
DuPont, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the City of DuPont'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

Americans with Disabilities

In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at webmaster@sao.wa.gov.

TABLE OF CONTENTS

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.....	40

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

City of DuPont January 1, 2023 through December 31, 2023

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of the City of DuPont 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>
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 DuPont January 1, 2023 through December 31, 2023

Mayor and City Council
City of DuPont
DuPont, 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 DuPont, 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.

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 DuPont
January 1, 2023 through December 31, 2023

Mayor and City Council
City of DuPont
DuPont, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the compliance of the City of DuPont, 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 DuPont January 1, 2023 through December 31, 2023

Mayor and City Council
City of DuPont
DuPont, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of the City of DuPont, 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 DuPont, 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 DuPont, 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 fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

September 24, 2024

FINANCIAL SECTION

City of DuPont 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 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 DuPont
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	103 Hotel/Motel Tax Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	16,759,262	3,584,625	84,862	149,266
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	8,257,409	7,617,848	-	271,185
320	Licenses and Permits	390,898	388,648	2,250	-
330	Intergovernmental Revenues	1,904,717	338,002	1,502,029	-
340	Charges for Goods and Services	5,664,709	1,186,677	82,199	-
350	Fines and Penalties	512,585	480,011	-	-
360	Miscellaneous Revenues	755,269	317,582	55	9,482
Total Revenues:		17,485,587	10,328,768	1,586,533	280,667
Expenditures					
510	General Government	2,373,376	2,367,698	-	-
520	Public Safety	6,389,393	6,389,393	-	-
530	Utilities	3,388,254	-	-	-
540	Transportation	741,599	233,950	507,589	-
550	Natural/Economic Environment	1,416,166	1,416,166	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	949,843	748,060	-	201,783
Total Expenditures:		15,258,631	11,155,267	507,589	201,783
Excess (Deficiency) Revenues over Expenditures:		2,226,956	(826,499)	1,078,944	78,884
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	1,930,546	119,582	862,394	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	54,793	7,415	-	-
Total Other Increases in Fund Resources:		1,985,339	126,997	862,394	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	2,132,986	209,954	941,742	-
591-593, 599	Debt Service	1,670,416	19,551	684	-
597	Transfers-Out	1,930,546	835,664	-	95,392
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	31,971	1,566	-	-
Total Other Decreases in Fund Resources:		5,765,919	1,066,735	942,426	95,392
Increase (Decrease) in Cash and Investments:		(1,553,624)	(1,766,237)	998,912	(16,508)
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	12,124,228	777,036	1,083,774	132,758
50841	Committed	-	-	-	-
50851	Assigned	2,040,058	-	-	-
50891	Unassigned	1,041,352	1,041,352	-	-
Total Ending Cash and Investments		15,205,638	1,818,388	1,083,774	132,758

The accompanying notes are an integral part of this statement.

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

		104 Public Safety Mitigation Fund	160 Drug Enforcement Fund	202 UTGO Fund	301 Capital
Beginning Cash and Investments					
308	Beginning Cash and Investments	3,005	11,029	-	5,008,561
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	368,376
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	1,942	810	-	31,794
Total Revenues:		1,942	810	-	400,170
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	-	-
Excess (Deficiency) Revenues over Expenditures:		1,942	810	-	400,170
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	886,680	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	886,680	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	356,142
591-593, 599	Debt Service	-	-	886,680	-
597	Transfers-Out	-	-	-	975,300
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	-	886,680	1,331,442
Increase (Decrease) in Cash and Investments:		1,942	810	-	(931,272)
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	4,947	11,839	-	4,077,289
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		4,947	11,839	-	4,077,289

The accompanying notes are an integral part of this statement.

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

		401 Water	403 Storm Water Management	501 ER&R Fund
Beginning Cash and Investments				
308	Beginning Cash and Investments	3,062,516	3,169,799	1,685,599
388 / 588	Net Adjustments	-	-	-
Revenues				
310	Taxes	-	-	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	-	64,686	-
340	Charges for Goods and Services	2,590,341	1,490,943	314,549
350	Fines and Penalties	32,574	-	-
360	Miscellaneous Revenues	208,015	128,451	57,138
Total Revenues:		2,830,930	1,684,080	371,687
Expenditures				
510	General Government	-	-	5,678
520	Public Safety	-	-	-
530	Utilities	2,360,000	1,028,254	-
540	Transportation	-	-	60
550	Natural/Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
Total Expenditures:		2,360,000	1,028,254	5,738
Excess (Deficiency) Revenues over Expenditures:		470,930	655,826	365,949
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	61,890	-	-
385	Special or Extraordinary Items	-	-	-
381, 382, 389, 395, 398	Other Resources	34,678	-	12,700
Total Other Increases in Fund Resources:		96,568	-	12,700
Other Decreases in Fund Resources				
594-595	Capital Expenditures	625,148	-	-
591-593, 599	Debt Service	566,466	197,035	-
597	Transfers-Out	-	-	24,190
585	Special or Extraordinary Items	-	-	-
581, 582, 589	Other Uses	30,405	-	-
Total Other Decreases in Fund Resources:		1,222,019	197,035	24,190
Increase (Decrease) in Cash and Investments:		(654,521)	458,791	354,459
Ending Cash and Investments				
50821	Nonspendable	-	-	-
50831	Restricted	2,407,995	3,628,590	-
50841	Committed	-	-	-
50851	Assigned	-	-	2,040,058
50891	Unassigned	-	-	-
Total Ending Cash and Investments		2,407,995	3,628,590	2,040,058

The accompanying notes are an integral part of this statement.

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

		Custodial
308	Beginning Cash and Investments	101,610
388 & 588	Net Adjustments	-
310-390	Additions	103,844
510-590	Deductions	88,870
	Net Increase (Decrease) in Cash and Investments:	14,974
508	Ending Cash and Investments	116,584

The accompanying notes are an integral part of this statement.

City of DuPont
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

Note 1 - Summary of Significant Accounting Policies

The City of DuPont was incorporated on April 12, 1951, and operates under the laws of the State of Washington applicable to a code city with a mayor/council form of government. The City is a general purpose government with its fiscal year ending December 31. The City provides a broad range of general government services including law enforcement, fire protection, public works, water, and storm 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.
- 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 are not presented using the classifications defined 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. 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 an agent on behalf of others.

Agency Funds

These funds are used to account for 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 5, *Deposits and Investments*.

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$1,000 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 240 hours for all employees of the City and twenty-four hour shift employees that are members of the DuPont Firefighters Local #3829 which may accumulate vacation leave up to 384 hours and is payable upon separation or retirement.

Sick leave can be accumulated up to 1,680 hours for twenty-four hour shift employees of the DuPont Firefighters Local #3829 and up to 1,280 hours for all other employees. Upon separation members of the DuPont Employees' Association, the DuPont Police Local #165 and the DuPont Firefighters Local #3829 will receive a percentage of unused sick leave, up to 100% of the cap using this scale:

Years of Service	Buy Back Maximum
0-5 Years	\$0
5-10 Years	\$5,000
10-15 Years	\$10,000
15+ Years	\$15,000

F. Long term Debt

See Note 6-Long Term Debt (Formerly Debt Service Requirements)

G. Other Financing Sources or Uses

The City's "Other Financing Sources or Uses" consist of utility and rental deposits received and paid back, retainage paid, state surcharge collected and remitted to the state, and system development charges received. In addition to these, the largest amount reported is related to refunding debt proceeds paid to escrow.

H. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments is 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 of the DuPont City Council. When expenditures that meet restrictions are incurred, the City intends to use the most restricted resources first.

Restrictions and commitments of Ending Cash and Investments consist of the following:

<u>Fund</u>	<u>Purpose</u>	<u>Amount</u>
Capital Projects	Capital Projects	\$4,077,289
Storm Water Management Fund	Utilities- Storm Water	3,628,590
Water Fund	Utilities –Water	2,407,995
Street Fund	Transportation	1,083,774
General Fund	Revenue Stabilization	472,319
General Fund	Street Depreciation	180,760
Hotel/Motel Tax	Tourism	132,758
General Fund	Contingency Reserve	117,022
Drug Enforcement	Drug Enforcement	11,839
General Fund	Donations	6,935
Public Safety Mitigation	Public Safety Debt Service	4,947
	Total	<u>\$12,124,229</u>

Note 2- Budget Compliance

In 2019, the City adopted the first biennial budget for fiscal years 2021-2022 and will continue to adopt biennial budgets going forward. These budgets are appropriated at the fund level except the general fund, where the budget is adopted at the department level. The budget constitutes the legal authority for expenditures at that level. Biennial appropriations for these funds lapse at the fiscal year-end.

Biennial appropriated budgets are adopted on the same basis of accounting as used for financial reporting except for debt refunding and managerial fund transfers. Amounts paid directly to escrow and not passed through the City are not appropriated. Amounts transferred to managerial funds such as reserves are recorded as expenditures and appropriated although they are eliminated from the financial statements.

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

Fund/Department	Final Appropriated	Actual Expenditures	Variance
General Fund:			
Governance	\$ 1,201,552	\$ 1,153,108	\$ 48,444
Support Services	\$ 533,666	\$ 562,059	\$ (28,393)
Police Department	\$ 3,508,513	\$ 3,303,472	\$ 205,041
Fire Department	\$ 2,911,124	\$ 3,141,431	\$ (230,307)
Community Development	\$ 2,469,459	\$ 1,362,257	\$ 1,107,202
Public Services	\$ 1,461,649	\$ 1,450,239	\$ 11,410
Non-Departmental	\$ 1,711,587	\$ 1,214,148	\$ 497,439
Total General Fund (budget basis)	\$ 13,797,550	\$ 12,186,715	\$ 1,610,835
<i>Non-budgeted refunding</i>		\$ 35,282	
<i>Total General Fund</i>		\$ 12,221,996	
Street Fund	\$ 2,463,586	\$ 1,450,015	\$ 1,013,571
Hotel/Motel Tax Fund	\$ 300,000	\$ 297,175	\$ 2,825
Public Safety Mitigation Fund	\$ -	\$ -	\$ -
Glacier NW Settlement Fund	\$ -	\$ -	\$ -
Drug Enforcement Fund	\$ -	\$ -	\$ -
GO Bond Debt Service Fund	\$ 886,680	\$ 886,680	\$ -
Capital Projects Fund	\$ 1,350,370	\$ 1,331,442	\$ 18,928
Water Utility Fund	\$ 9,190,107	\$ 3,015,787	\$ 6,174,320
<i>Non-budgeted refunding</i>		\$ 566,232	
<i>Total Water Utility Fund</i>		\$ 3,582,019	
Stormwater Utility Fund	\$ 1,356,720	\$ 1,028,351	\$ 328,369
<i>Non-budgeted refunding</i>		\$ 196,938	
<i>Total Stormwater Utility Fund</i>		\$ 1,225,289	
Equipment Rental/Repl. Fund	\$ 183,884	\$ 29,928	\$ 153,956
Transportation Benefit Dist.	\$ 121,920	\$ 88,870	\$ 33,050
Total All Funds	\$ 29,650,818	\$ 20,314,963	\$ 9,335,856
<i>Non-budgeted refunding</i>		\$ 798,452	
<i>Less transfers to managerial funds</i>		\$ -	
Total per financial statements		\$ 21,113,414	

The City Administrator is authorized to transfer budgeted amounts 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 DuPont's legislative body.

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Note 3- Risk Management

The City of DuPont 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 municipalities/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 liability 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 4 - Property Tax

The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Taxes are levied annually on January 1st on property value listed as of the prior May 31st. Assessed values are established by the county assessor at 100 percent of fair market value. A physical revaluation of all property is required every six years.

Taxes are due in two equal installments on April 30th and October 31st. Collections are distributed after the end of the month to the appropriate district by the county treasurer.

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 taxes are levied.

The City of DuPont's regular tax levy rate for the year 2023 was \$.800478946 per \$1,000 on an assessed valuation of \$2,516,691,001 for a total regular levy of \$2,014,558.16. The City's EMS tax levy rate was \$0.34875802 per \$1,000 on total assessed valuation for a total of \$877,716.18. The City is permitted by law to levy up to \$3.60 per \$1,000 of assessed valuation for general governmental services. This amount may be reduced for any of the following three reasons:

- a. The Washington State Constitution limits the total regular property taxes to one percent of assessed valuation or \$10 per \$1,000 of value. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the one percent limit.
- b. Initiative 747 limits the growth of regular property taxes to one percent per year or the rate of inflation, whichever is lower, after adjustments for new construction. If the assessed valuation increases by more than this legal limit due to revaluation, the levy rate will be decreased.
- c. The City may voluntarily levy taxes below the legal limit.

Special levies approved by the voters are not subject to the above limitations.

Note 5 – Deposits and Investments

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

All deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation (FDIC) and/or the Washington State Finance Commission. All investments are insured, registered or held by the City or its agent in the government's name.

Investments are reported at fair value. Investments by type at December 31, 2023 are as follows:

Type of Deposit or Investment	City of DuPont own Deposits & Investments	Deposits & Investments held by the City for the DuPont Transportation Benefit District	Total
Bank Deposits	\$4,108,780	\$73,102	\$4,181,883
Deposits in Transit	-\$876,743	0	-\$876,743
Petty Cash	\$1,000	0	\$1,000
Other reconciling items	-\$8	0	-\$8
Local Government Investment Pool	\$11,830,058	\$41,480	\$11,871,538
Local Government Investment Pool- Revenue Bond	\$144,553	\$0	\$144,553
Totals	\$15,207,641	\$114,582	\$15,322,223

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.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the City of DuPont would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The City's deposits are mostly covered by Federal Deposit Insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). All investments are insured, registered or held by the City of DuPont or its agent in the City of DuPont's name.

Note 6 – Long Term Debt

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the City of DuPont and summarizes the City's debt transactions for the year ended December 31, 2023.

The debt service requirements, including interest, to amortize general obligations bonds and revenue bonds debt outstanding as of December 31, 2023, are as follows:

Year Ended	General Obligation Bonds		
December 31	Principal	Interest	Total
2024	605,000	504,400	1,109,400
2025	630,000	480,200	1,110,200
2026	655,000	455,000	1,110,000
2027	680,000	428,800	1,108,800
2028	705,000	401,600	1,106,600
2029-2033	4,150,000	1,555,000	5,705,000
2034-2038	5,185,000	638,400	5,823,400
Total	\$12,610,000	\$4,463,400	\$17,073,400

There are a number of other limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

Debt Refunding

The City issued Certificates of Participation (COPs) on April 7, 2009, for its Civic Center Project in the amount of \$18,005,000. In April 2015, DuPont City Council passed a Bond Ordinance authorizing the refinancing of the Civic Center debt. On June 4, 2015 the first portion of the bonds were issued, redeeming \$8,240,000 of the \$15,960,000 outstanding certificates of participation and issuing \$9,240,000 in LTGO bonds at a significantly lower interest rate. This refunding was undertaken to reduce total debt service payments over the next 23 years by \$2,570,098. On March 23, 2016 the remaining certificates of participation were redeemed issuing \$7,480,000 in general obligation bonds. Although the principal amount of the debt has increased, the overall estimated savings to the City over the life of the debt for the second issuance is \$1,116,249 with a net percentage savings of 15%.

Revenue Bonds are bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. On March 12, 2019, the City passed Ordinance Number 19-1058, authorizing the issuance of up to \$10,000,000 in a Stormwater and Utility Revenue Bond.

The City then issued a thirty-year Stormwater and Utility Revenue Bond on April 10, 2019, for its Public Works Building, Hoffman Hill Reservoir Corrosion Protection and Automatic Meter Reading Projects for \$9,949,491.

Annual debt service requirements to maturity for the revenue bonds are as follows:

Revenue Bonds				
Year Ending		Principal	Interest	
December 31				
	2024	200,000.00	338,850.00	
	2025	210,000.00	330,850.00	
	2026	215,000.00	322,450.00	
	2027	225,000.00	313,850.00	
	2028	235,000.00	302,600.00	
	2029-2033	1,330,000.00	1,364,000.00	
	2034-2038	1,620,000.00	1,075,400.00	
	2039-2043	1,975,000.00	724,000.00	
	2044-2048	2,405,000.00	296,200.00	
	Total	8,415,000.00	5,068,200.00	

Note 7 – Health and Welfare

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

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

As of December 31, 2023, 264 cities/towns/non-city entities participate in the AWC Trust HCP.

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

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

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

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2023, the AWC Trust HCP purchased medical stop loss insurance for Regence/Asuris and Kaiser Plans at an Individual Stop Loss (ISL) of \$2 million through United States Fire Insurance Company. The aggregate policy is for 200% of expected medical claims.

Participating employers contract to remain in the AWC Trust HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the AWC Trust HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the AWC Trust HCP. Similarly, the terminating member forfeits all rights and interest to the AWC Trust HCP Account.

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

The accounting records of the AWC Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The AWC Trust HCP also follows applicable accounting standards established by the Governmental

Accounting Standards Board (“GASB”). In 2018, the retiree medical plan subsidy was eliminated, and is noted as such in the report for the fiscal year ending December 31, 2018. Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor’s office.

Note 8 - Pension Plans

Substantially all of the City’s full-time and qualifying part-time employees participate in the PERS and LEOFF retirement plans administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans.

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

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

Department of Retirement Systems
Communications Unit
P.O. Box 48380
Olympia, WA 98540-8380

Also, the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

At June 30, 2023 (the measurement date of the plans), the City’s proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	Allocation %	Liability (Asset)
PERS 1 UAAL	0.017186%	\$392,310
PERS 2/3	0.022209%	(\$910,277)
LEOFF 1	0.000957%	(\$28,407)
LEOFF 2	0.071383%	(\$171,219,121)

LEOFF Plan 1

The City 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 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 – Other Post-Employment Benefits

The City will administer the DuPont Firefighters Local #3829's post-employment retirement incentive, a defined benefit plan. Eligible employees may receive an "early retirement incentive," in the form of a monthly contribution or stipend to assist with qualified retirement health care expenses. To qualify for the incentive, an "eligible employee" is in good standing with the department, have completed a minimum 10 years' service with the DuPont Fire Department, and retiring at or after age 53 through age 60. Employees may apply for the incentive at the time of early retirement. Stipend will be at a rate equivalent to the monthly premium of the City's lowest cost medical plan offered, deposited in a lump sum annually, to a qualified retiree health reimbursement arrangement (RHRA) or equivalent qualified plan up to the age of 65. In 2023, the Collective Bargaining Agreement was changed and this post-employment provision was changed to only include legacied employees. In 2023, one retired employee utilized this plan, and the City contributed \$6,824. The total OPEB Liability was \$85,579 on December 31, 2023.

The LEOFF I Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by the City as required by the RCW. The plan pays for 100% of eligible retirees' healthcare costs on a pay-as-you-go basis. As of December 31, 2023, the plan had **no** members. As of December 31, 2023, the City total OPEB liability was \$0, as calculated using the alternative measurement method. For the year ended December 31, 2023, the City paid \$0 in benefits.

Note 10 – Transportation Benefit District

The DuPont Transportation Benefit District was established on January 8, 2013, and operates under the laws of the State of Washington applicable to a special purpose district. The District is a special purpose government with its fiscal year ending December 31. The District provides for the preservation and maintenance of the City of DuPont's transportation infrastructure to protect the City's long-term investments in that infrastructure. Also to reduce the risk of transportation facility failures and improve safety. During 2023, the City received \$101,714 from the collection of \$20.00 vehicle license fees and \$2,130 in interest income. \$88,870 was expended during the year on transportation projects.

Note 11- Leases (Lessees)

For the year ended 2023, the City adopted guidance for the presentation and disclosure of leases, as required by GASB Statement Number 87. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

The City leases 4 copiers from Xerox/QBSI for \$549 per month under 5-year lease agreements that cannot be cancelled. The City leases 2 copiers from Xerox/QBSI for \$295 per month under 5-year lease agreements that cannot be cancelled. The City leases 1 postage machine from Pitney Bowes for \$65 per month under a 5-year lease agreement that cannot be cancelled. The City leases 11 computers from Var Technologies/LEAF for \$1,618 per month under 5-year lease agreements that cannot be cancelled but ended in June of 2023 and the units were purchased. The City leases 1 computer from Var Technologies/LEAF for \$224 per month under an additional 5-year lease agreement that cannot be cancelled but ended in July of 2023. The City re-leased the computer for an additional 6 months at \$248 per month.

The total amount paid for leases in the current reporting period was \$20,565.41. The future lease payments for each of the five subsequent years are shown below.

Year Ended December 31	Lease Payments
2024	\$ 11,172.47
2025	\$ 5,960.64
2026	\$ 3,876.15
2027	\$ 2,950.00
Total	\$ 23,959.26

Note 12 – Going Concern

The financial statements have been prepared on a going concern basis, which assumes the City of DuPont will be able to realize its assets and settle its liabilities in the normal course of business for the foreseeable future.

City of DuPont
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	2015 GO Refunding Bonds	12/1/2038	8,665,000	-	50,000	8,615,000
251.11	2016 GO Refunding Bonds	12/1/2030	4,525,000	-	530,000	3,995,000
263.51	2018 Lease Purchase Agrmnt FD	7/15/2028	184,841	-	27,854	156,987
Total General Obligation Debt/Liabilities:			13,374,841	-	607,854	12,766,987
Revenue and Other (non G.O.) Debt/Liabilities						
252.11	Stormwater and Utility Revenue Bond	12/1/2048	8,610,000	-	195,000	8,415,000
259.12	Compensated Absences		602,070	779,980	845,366	536,684
263.57	2019 Lease Agreement Copiers	3/20/2025	14,823	-	6,408	8,415
263.57	2022 Lease Agreement Copiers	6/6/2027	15,635	-	2,065	13,570
263.57	Lease agreement Postage Machine	3/8/2026	2,514	-	631	1,883
263.57	Lease agreement Getac Computers	6/17/2023	8,901	-	8,901	-
263.57	Lease agreement Getac Computer	7/18/2023	1,346	-	1,346	-
264.30	Pension Liabilities		480,275	-	87,965	392,310
264.40	Firefighters Incentive		717,327	-	631,748	85,579
263.57	Lease agreement Getac Computer	1/27/2024	-	1,486	1,215	271
Total Revenue and Other (non G.O.) Debt/Liabilities:			10,452,891	781,466	1,780,645	9,453,712
Total Liabilities:			23,827,732	781,466	2,388,499	22,220,699

City of DuPont
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		
COMMUNITY ORIENTED POLICING SERVICE, JUSTICE, DEPARTMENT OF	Public Safety Partnership and Community Policing Grants	16.710		-	115,625	115,625	-	3
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	LA 10089/STPUL2 859	483,406	-	483,406	-	3
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	LA 10407	41,997	-	41,997	-	3
Total ALN 20.205:				525,403	-	525,403	-	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Department of Commerce)	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	WA0330	685,146	-	685,146	-	3
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Department of Commerce)	CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	22-96515-025	284,580	-	284,580	-	3
Total ALN 21.027:				969,726	-	969,726	-	

The accompanying notes are an integral part of this schedule.

City of DuPont

Expenditures

The accompanying notes are an integral part of this schedule.

City of DuPont

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 DuPont's financial statements. The City of DuPont's 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.

Note 2 – Federal De Minimis Indirect Cost Rate

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

ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

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

Stay connected at sao.wa.gov

- [Find your audit team](#)
- [Request public records](#)
- Search BARS Manuals ([GAAP](#) and [cash](#)), and find [reporting templates](#)
- Learn about our [training workshops](#) and [on-demand videos](#)
- Discover [which governments serve you](#) — enter an address on our map
- Explore public financial data with the [Financial Intelligence Tool](#)

Other ways to stay in touch

- Main telephone:
(564) 999-0950
- Toll-free Citizen Hotline:
(866) 902-3900
- Email:
webmaster@sao.wa.gov