



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

City of La Center

For the period January 1, 2022 through December 31, 2023

Published December 26, 2024

Report No. 1036413



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

December 26, 2024

Mayor and City Council
City of La Center
La Center, Washington

Report on Financial Statements

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

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

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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INDEPENDENT AUDITOR'S REPORT

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

City of La Center January 1, 2022 through December 31, 2023

Mayor and City Council
City of La Center
La Center, 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 La Center, as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated December 19, 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 audits of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

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

REPORT ON COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

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

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

A handwritten signature in black ink, reading "Pat McCarthy". The signature is written in a cursive, flowing style with a large initial "P" and "M".

Pat McCarthy, State Auditor

Olympia, WA

December 19, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

City of La Center January 1, 2022 through December 31, 2023

Mayor and City Council
City of La Center
La Center, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of the City of La Center, as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, as listed in the financial section of our report.

Unmodified Opinion on the Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, the City has prepared these financial statements to meet the financial reporting requirements of state law and accounting practices prescribed by the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) Manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash and investments of the City of La Center, and its changes in cash and investments, for the years ended December 31, 2023 and 2022, on the basis of accounting described in Note 1.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion, they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of La Center, as of December 31, 2023 and 2022, or the changes in financial position or cash flows thereof for the years then ended, because of the significance of the matter discussed below.

Basis for Unmodified and Adverse Opinions

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The Schedules of Liabilities are presented for purposes of additional analysis, as required by the prescribed BARS manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other

records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 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 that reads "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

December 19, 2024

FINANCIAL SECTION

City of La Center January 1, 2022 through December 31, 2023

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2023

Fund Resources and Uses Arising from Cash Transactions – 2022

Notes to Financial Statements – 2023

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SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2023

Schedule of Liabilities – 2022

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

		Total for All Funds (Memo Only)	001 General	300 Impact	310 Capital Project
Beginning Cash and Investments					
308	Beginning Cash and Investments	20,320,650	6,555,630	3,952,435	5,254,314
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	3,590,768	3,169,674	-	421,094
320	Licenses and Permits	428,831	428,831	-	-
330	Intergovernmental Revenues	765,361	82,154	-	517,435
340	Charges for Goods and Services	6,383,578	307,607	2,346,594	-
350	Fines and Penalties	8,950	8,950	-	-
360	Miscellaneous Revenues	567,467	287,944	110,270	102,721
Total Revenues:		11,744,955	4,285,160	2,456,864	1,041,250
Expenditures					
510	General Government	1,627,983	1,627,936	-	47
520	Public Safety	653,790	653,790	-	-
530	Utilities	1,238,082	-	-	-
540	Transportation	216,733	-	-	-
550	Natural/Economic Environment	1,716,810	913,418	803,392	-
560	Social Services	1,069	1,069	-	-
570	Culture and Recreation	127,055	127,055	-	-
Total Expenditures:		5,581,522	3,323,268	803,392	47
Excess (Deficiency) Revenues over Expenditures:		6,163,433	961,892	1,653,472	1,041,203
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	335,000	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	419,725	414,720	-	-
Total Other Increases in Fund Resources:		754,725	414,720	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	1,626,902	15,866	144,767	1,017,368
591-593, 599	Debt Service	284,261	20,182	-	-
597	Transfers-Out	335,000	55,000	-	280,000
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	400,000	-	-	-
Total Other Decreases in Fund Resources:		2,646,163	91,048	144,767	1,297,368
Increase (Decrease) in Cash and Investments:		4,271,995	1,285,564	1,508,705	(256,165)
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	7,838,778	105,351	5,461,140	2,272,287
50841	Committed	4,956,368	-	-	-
50851	Assigned	4,061,656	-	-	2,725,862
50891	Unassigned	7,735,843	7,735,843	-	-
Total Ending Cash and Investments		24,592,645	7,841,194	5,461,140	4,998,149

The accompanying notes are an integral part of this statement.

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

		311 Vehicle and Equipment	320 Roads and Streets	400 Sewer and Stormwater
Beginning Cash and Investments				
308	Beginning Cash and Investments	119,844	-	4,438,427
388 / 588	Net Adjustments	-	-	-
Revenues				
310	Taxes	-	-	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	-	165,772	-
340	Charges for Goods and Services	-	-	3,729,377
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	248	4	66,280
Total Revenues:		248	165,776	3,795,657
Expenditures				
510	General Government	-	-	-
520	Public Safety	-	-	-
530	Utilities	-	-	1,238,082
540	Transportation	-	216,733	-
550	Natural/Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
Total Expenditures:		-	216,733	1,238,082
Excess (Deficiency) Revenues over Expenditures:		248	(50,957)	2,557,575
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	-	335,000	-
385	Special or Extraordinary Items	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	5,005
Total Other Increases in Fund Resources:		-	335,000	5,005
Other Decreases in Fund Resources				
594-595	Capital Expenditures	-	180,943	267,958
591-593, 599	Debt Service	-	-	264,079
597	Transfers-Out	-	-	-
585	Special or Extraordinary Items	-	-	-
581, 582, 589	Other Uses	-	-	400,000
Total Other Decreases in Fund Resources:		-	180,943	932,037
Increase (Decrease) in Cash and Investments:		248	103,100	1,630,543
Ending Cash and Investments				
50821	Nonspendable	-	-	-
50831	Restricted	-	-	-
50841	Committed	-	103,100	4,853,268
50851	Assigned	120,092	-	1,215,702
50891	Unassigned	-	-	-
Total Ending Cash and Investments		120,092	103,100	6,068,970

The accompanying notes are an integral part of this statement.

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

		Total for All Funds (Memo Only)	001 General	300 Impact	310 Capital Project
Beginning Cash and Investments					
308	Beginning Cash and Investments	19,114,932	5,114,969	4,129,196	4,959,490
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	3,933,767	3,463,853	-	469,914
320	Licenses and Permits	115,055	115,055	-	-
330	Intergovernmental Revenues	870,777	630,274	-	240,503
340	Charges for Goods and Services	3,132,570	175,709	488,603	475,932
350	Fines and Penalties	7,739	7,739	-	-
360	Miscellaneous Revenues	185,126	66,337	27,817	53,817
Total Revenues:		8,245,034	4,458,967	516,420	1,240,166
Expenditures					
510	General Government	866,592	866,592	-	-
520	Public Safety	740,118	740,118	-	-
530	Utilities	962,631	-	-	-
540	Transportation	719,197	719,197	-	-
550	Natural/Economic Environment	1,118,149	977,152	140,997	-
560	Social Services	-	-	-	-
570	Culture and Recreation	123,586	123,586	-	-
Total Expenditures:		4,530,273	3,426,645	140,997	-
Excess (Deficiency) Revenues over Expenditures:		3,714,761	1,032,322	375,423	1,240,166
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	57,500	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	511,148	511,148	-	-
Total Other Increases in Fund Resources:		568,648	511,148	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	2,357,544	42,622	552,184	945,342
591-593, 599	Debt Service	262,647	2,687	-	-
597	Transfers-Out	57,500	57,500	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	400,000	-	-	-
Total Other Decreases in Fund Resources:		3,077,691	102,809	552,184	945,342
Increase (Decrease) in Cash and Investments:		1,205,718	1,440,661	(176,761)	294,824
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	6,262,323	501,544	3,952,435	1,808,344
50841	Committed	3,091,777	-	-	-
50851	Assigned	4,912,464	-	-	3,445,970
50891	Unassigned	6,054,086	6,054,086	-	-
Total Ending Cash and Investments		20,320,650	6,555,630	3,952,435	5,254,314

The accompanying notes are an integral part of this statement.

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

		311 Vehicle and Equipment	400 Sewer and Stormwater
Beginning Cash and Investments			
308	Beginning Cash and Investments	105,668	4,805,609
388 / 588	Net Adjustments	-	-
Revenues			
310	Taxes	-	-
320	Licenses and Permits	-	-
330	Intergovernmental Revenues	-	-
340	Charges for Goods and Services	-	1,992,326
350	Fines and Penalties	-	-
360	Miscellaneous Revenues	943	36,212
Total Revenues:		943	2,028,538
Expenditures			
510	General Government	-	-
520	Public Safety	-	-
530	Utilities	-	962,631
540	Transportation	-	-
550	Natural/Economic Environment	-	-
560	Social Services	-	-
570	Culture and Recreation	-	-
Total Expenditures:		-	962,631
Excess (Deficiency) Revenues over Expenditures:		943	1,065,907
Other Increases in Fund Resources			
391-393, 596	Debt Proceeds	-	-
397	Transfers-In	57,500	-
385	Special or Extraordinary Items	-	-
381, 382, 389, 395, 398	Other Resources	-	-
Total Other Increases in Fund Resources:		57,500	-
Other Decreases in Fund Resources			
594-595	Capital Expenditures	44,267	773,129
591-593, 599	Debt Service	-	259,960
597	Transfers-Out	-	-
585	Special or Extraordinary Items	-	-
581, 582, 589	Other Uses	-	400,000
Total Other Decreases in Fund Resources:		44,267	1,433,089
Increase (Decrease) in Cash and Investments:		14,176	(367,182)
Ending Cash and Investments			
50821	Nonspendable	-	-
50831	Restricted	-	-
50841	Committed	-	3,091,777
50851	Assigned	119,844	1,346,650
50891	Unassigned	-	-
Total Ending Cash and Investments		119,844	4,438,427

The accompanying notes are an integral part of this statement.

CITY OF LA CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

The City of La Center was incorporated on August 23, 1909 and operates under the laws of the State of Washington applicable to a Non-Charter Code City. The City is a general-purpose government and provides street improvements, public safety, parks and recreation, health and social services. In addition, the City owns and operates a sewer and stormwater system.

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

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The Schedule of Liabilities is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are presented using the classifications that are similar to the ending balance 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. The following fund types are used:

GOVERNMENTAL FUND TYPES:

General/Reserve Fund

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

Capital Project 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.

B. Basis of Accounting and Measurement Focus

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

In accordance with state law the City also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

C. Cash and Investments

See Note 3, Deposits and Investments.

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of 3 years. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation, compensatory time or sick leave. Vacation pay, which may be accumulated up to a maximum of 56.1 days, is payable upon resignation, retirement, or death. If specific requirements are met within certain bargaining groups, sick leave may also be paid at separation, death, lay-off, or retirement. Payments are recognized as expenditures when paid.

F. Long-Term Debt

See Note 6, Long-Term Debt.

G. Restricted and committed portion of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by ordinance or resolution of the 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 as of 2023 consist of the following:

Fund	Restricted Ending Balance	Committed Ending Balance
General Fund (001)	\$ 105,351	\$ -
Impact Fee Fund (300)	5,461,140	-
R.E.E.T. 1 (310)	1,145,876	-
R.E.E.T. 2 (310)	1,126,411	-
Roads and Streets (320)	-	103,100
Sewer (400)	-	4,853,268
Total	\$ 7,838,778	\$ 4,956,368

NOTE 2 - BUDGET COMPLIANCE

The City adopts annual appropriated budgets for General, Reserve, Impact Fee, Capital Projects, Vehicle/Equipment, Roads and Streets, and Sewer 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 for 2023 were as follows:

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund	\$ 4,727,932	\$ 3,414,178	\$ 1,313,754
Reserve Fund	240	138	102
Impact Fund	947,051	948,159	(1,108)
Capital Projects Fund	2,449,026	1,297,415	1,151,611
Vehicle/Equipment Fund	120	-	120
Roads and Streets Fund	408,150	397,676	10,474
Sewer Operations Fund	1,699,212	1,665,408	33,804
Sewer Capital/Equipment Fund	322,000	267,957	54,043
Sewer Debt Service Fund	585,000	279,319	305,681
Stormwater Fund	283,010	257,435	25,575
Total	\$ 11,421,741	\$ 8,527,685	\$ 2,894,056

The Sewer Operations, Sewer Capital/Equipment, Sewer Debt Service, and Stormwater funds are combined into the singular Sewer and Stormwater Fund on the face the financial statements. An interfund transfer of \$300,000 between the Sewer Operations and Sewer Capital Fund is included in the table above, but eliminated from the Schedule C4.

The General Fund and Reserve Fund are combined into the General Fund on the face of the financial statements.

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

NOTE 3 – DEPOSITS AND INVESTMENTS

Investments are reported at original cost. Cash and Investments by type at December 31, 2023, are as follows:

Investments and Deposits	Balance
Bank Deposits	\$ 8,532,828
Local Government Investment Pool	1,619,760
US Bank Treasury Notes	14,439,707
Petty Cash	350
Total	\$ 24,592,645

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

Investments in the State Local Government Investment Pool

The City is a voluntary participant in the Local Government Investment Pool (LGIP), 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 would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The City deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

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

The City invests only in securities authorized by WA State law, and primarily purchases certificates of deposit, LGIP (Local Government Investment Pool), and obligations for both the U.S Government and government sponsored agencies. The City's stated investment policy (Res. 2004 – 244) is to invest in public funds in a manner that will preserve the principal and maximize returns while remaining in compliance with all federal, state, and local governing statutes.

In order to preserve principal, the City implemented the following four investment composition rules: 1) Limiting the investments in a single financial institution to no more than 50% of the portfolio value at any time; 2) Limiting investment amount into LGIP to no more than 50% of the portfolio value at any time; 3) Limiting investment amount into repurchase agreements to no more than 25% of the portfolio value at any time; 4) Limiting investment amount into CD's to no more than 50% of the net worth of that institution at any time.

Investments may not exceed 10 years and shall follow a schedule that meets anticipated cash demands. Currently investments held at US Bank have an average of 3 years to maturity.

NOTE 4 - PROPERTY TAXES

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

Property Tax 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 City. Delinquent taxes are considered fully collectible because a lien affixes to the property when taxes are levied.

The City of La Center's regular levy for 2023 was \$0.8444614739 per \$1,000 on an assessed valuation of \$756,843,574 for a total regular levy of \$639,125.

NOTE 5 – INTERFUND LOANS

As part of the August 1, 2006, transfer of ownership of the City Sewer System from Clark Public Utilities, the City of La Center funded the Sewer payment of \$2,532,865 in the form of inter-fund loans from the City's General Fund to the City's Sewer Fund. At the time of the transfer, the Sewer System had no funds for operating, so another \$275,000 inter-fund loan was made from the City's Reserve Fund to the City's Sewer Fund. Since 2006, multiple inter-fund loans have been made from the City's Reserve Fund to the City's Sewer Fund.

The Sewer Fund debt to the City of La Center as of December 31, 2023 is as follows:

Borrowing Fund	Lending Fund	Balance 1/1/2023	Additions: Interest	Repayments	Balance 12/31/2023
Sewer	General	\$ 2,815,274	\$ 46,616	\$ 400,000	\$ 2,461,890
Sewer	General	497,157	8,232	-	505,389
Sewer	General	2,418,891	40,053	-	2,458,944
Sewer	General	439,679	7,280	-	446,959
Sewer	General	750,616	12,429	-	763,045
Sewer	General	639,625	1,023	-	640,648
Sewer	General	7,308,348	146,167	-	7,454,515
Total		\$ 14,869,590	\$ 261,800	\$ 400,000	\$ 14,731,390

NOTE 6 - LONG TERM DEBT

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the City and summarizes the debt transactions for the years ended December 31, 2023.

Total combined debt service requirements for the governmental loans as of December 31, 2023 are as follows:

Year	Principal	Interest	Total
2024	\$ 247,451	\$ 6,186	\$ 253,637
2025	247,452	4,949	252,401
2026	247,451	3,712	251,163
2027	247,452	2,475	249,927
2028	247,451	1,237	248,688
Total	\$ 1,237,257	\$ 18,559	\$ 1,255,816

NOTE 7 - PENSION PLANS

State Sponsored Pension Plans

Substantially all city 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 (PERS 2/3 and LEOFF 2).

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

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

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

The City's 2023 total contributions (including DRS fees) to the retirement plan were as follows: \$53,470 for Plan 1 UAAL, \$89,001 for PERS 2/3, and \$9,280 for LEOFF 2.

As stated in the DRS CAFR 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:

Plan	Allocation %	Liability (Asset)
Plan 1 UAAL	0.007847%	179,126
PERS 2/3	0.010123%	(414,910)
LEOFF 2	0.004112%	(98,630)

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

NOTE 8 – RISK MANAGEMENT

The City of La Center 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 – LEASES

The City of La Center leases two copy machines - one from Solutions Yes LLC for \$191 per month under a 63-month lease, and another from MailFinance, Inc. for \$1,586 per quarter under a 5-year lease.

Total amount paid for leases in 2023 was \$8,636. As of December 31, 2023, the future lease payments are as follows:

Year Ended December 31	Total
2024	\$ 7,050
2025	2,292
2026	2,292
2027	2,292
2028	382
Total	\$ 14,308

NOTE 10 – SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

During the year ended December 31, 2023 the City of La Center adopted guidance for the presentation and disclosure of Subscription Based Information Technology Arrangements (SBITA), as required by the BARS manual. This requirement resulted in the addition of a subscription liability reported on the Schedule of Liabilities.

The City of La Center makes subscription payments \$7,400 per year for budgeting software. The SBITA contract is for 4 years.

The City of La Center makes subscription payments \$4,057 per year for online safety training. The SBITA contract is for 3 years.

The City of La Center makes subscription payments \$10,525 per year for capital asset management software. The SBITA contract is for 3 years.

Total amount paid for SBITAs in 2023 was \$20,749. As of December 31, 2023, the future lease payments are as follows:

Year Ended December 31	Total
2024	\$ 21,982
2025	21,982
2026	7,400
Total	\$ 51,364

CITY OF LA CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

The City of La Center was incorporated on August 23, 1909 and operates under the laws of the State of Washington applicable to a Non-Charter Code City. The City is a general-purpose government and provides street improvements, public safety, parks and recreation, health and social services. In addition, the City owns and operates a sewer and stormwater system.

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

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The Schedule of Liabilities is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are presented using the classifications that are similar to the ending balance 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. The following fund types are used:

GOVERNMENTAL FUND TYPES:

General/Reserve Fund

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

Capital Project 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.

B. Basis of Accounting and Measurement Focus

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

In accordance with state law the City also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

C. Cash and Investments

See Note 3, Deposits and Investments.

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of 3 years. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation, compensatory time or sick leave. Vacation pay, which may be accumulated up to a maximum of 56.1 days, is payable upon resignation, retirement, or death. If specific requirements are met within certain bargaining groups, sick leave may also be paid at separation, death, lay-off, or retirement. Payments are recognized as expenditures when paid.

F. Long-Term Debt

See Note 6, Long-Term Debt.

G. Restricted and committed portion of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by ordinance or resolution of the 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 as of 2022 consist of the following:

Fund	Restricted Ending Balance	Committed Ending Balance
General Fund (001)	\$ 501,544	\$ -
Impact Fee Fund (300)	3,952,435	-
R.E.E.T. 1 (310)	913,723	-
R.E.E.T. 2 (310)	894,621	-
Sewer and Stormwater (400)	-	3,091,777
Total	\$ 6,262,323	\$ 3,091,777

NOTE 2 - BUDGET COMPLIANCE

The City adopts annual appropriated budgets for General, Reserve, Impact Fee, Capital Projects, Vehicle/Equipment, and Sewer 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 for 2022 were as follows:

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund	\$ 5,102,775	\$ 3,529,367	\$ 1,573,408
Reserve Fund	120	87	33
Impact Fund	1,790,896	693,181	1,097,715
Capital Projects Fund	1,445,000	945,342	499,658
Vehicle/Equipment Fund	227,500	44,267	183,233
Sewer Operations Fund	1,900,869	1,869,113	31,756
Sewer Capital/Equipment Fund	915,000	771,719	143,281
Sewer Debt Service Fund	256,132	256,127	5
Stormwater Fund	258,743	98,761	159,982
Total	\$ 11,897,035	\$ 8,207,964	\$ 3,689,071

The Sewer Operations, Sewer Capital/Equipment, Sewer Debt Service, and Stormwater funds are combined into the singular Sewer and Stormwater Fund on the face the financial statements. An interfund transfer of \$600,000 between the Sewer Operations and Sewer Capital Fund is included in the table above, but eliminated from the Schedule C4.

The General Fund and Reserve Fund are combined into the General Fund on the face of the financial statements.

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

NOTE 3 – DEPOSITS AND INVESTMENTS

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

Investments and Deposits	Balance
Bank Deposits	\$ 7,739,063
Local Government Investment Pool	1,539,270
US Bank Treasury Notes	11,041,299
Petty Cash	1,018
Total	\$ 20,320,650

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

Investments in the State Local Government Investment Pool

The City is a voluntary participant in the Local Government Investment Pool (LGIP), 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 would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The City deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

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

The City invests only in securities authorized by WA State law, and primarily purchases certificates of deposit, LGIP (Local Government Investment Pool), and obligations for both the U.S Government and government sponsored agencies. The City's stated investment policy (Res. 2004 – 244) is to invest in public funds in a manner that will preserve the principal and maximize returns while remaining in compliance with all federal, state, and local governing statutes.

In order to preserve principal, the City implemented the following four investment composition rules: 1) Limiting the investments in a single financial institution to no more than 50% of the portfolio value at any time; 2) Limiting investment amount into LGIP to no more than 50% of the portfolio value at any time; 3) Limiting investment amount into repurchase agreements to no more than 25% of the portfolio value at any time; 4) Limiting investment amount into CD's to no more than 50% of the net worth of that institution at any time.

Investments may not exceed 10 years and shall follow a schedule that meets anticipated cash demands. Currently investments held at US Bank have an average of 4 years to maturity.

NOTE 4 - PROPERTY TAXES

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

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

The City of La Center regular levy for 2022 was \$0.9521830052 per \$1,000 on an assessed valuation of \$626,973,425 for a total regular levy of \$596,993.

NOTE 5 – INTERFUND LOANS

As part of the August 1, 2006 transfer of ownership of the City Sewer System from Clark Public Utilities, the City of La Center funded the Sewer payment of \$2,532,865 in the form of inter-fund loans from the City's General Fund to the City's Sewer Fund. At the time of the transfer, the Sewer System had no funds for operating, so another \$275,000 inter-fund loan was made from the City's Reserve Fund to the City's Sewer Fund. Since 2006, multiple inter-fund loans have been made from the City's Reserve Fund to the City's Sewer Fund.

The Sewer Fund debt to the City of La Center as of December 31, 2022 is as follows:

Borrowing Fund	Lending Fund	Balance 1/1/2022	Additions: Interest	Repayments	Balance 12/31/2022
Sewer	General	\$ 2,812,321	\$ 2,953	\$ -	\$ 2,815,274
Sewer	General	261,735	3,542	265,277	-
Sewer	General	496,636	521	-	497,157
Sewer	General	2,416,354	2,537	-	2,418,891
Sewer	General	439,218	461	-	439,679
Sewer	General	749,829	787	-	750,616
Sewer	General	638,603	1,022	-	639,625
Sewer	General	7,297,128	145,943	134,723	7,308,348
Total		\$ 15,111,824	\$ 157,766	\$ 400,000	\$ 14,869,590

NOTE 6 - LONG TERM DEBT

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

Total combined debt service requirements for the governmental loans as of December 31, 2022 are as follows:

Year	Principal	Interest	Total
2023	\$ 247,452	\$ 7,424	\$ 254,876
2024	247,451	6,186	253,637
2025	247,452	4,949	252,401
2026	247,451	3,712	251,163
2027	247,452	2,475	249,927
2028	247,451	1,237	248,688
Total	\$ 1,484,709	\$ 25,983	\$ 1,510,692

NOTE 7 - PENSION PLANS

State Sponsored Pension Plans

Substantially all city 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 (PERS 2/3 and LEOFF 2).

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

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

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

The City's 2022 total contributions (including DRS fees) to the retirement plan were as follows: \$48,566 for Plan 1 UAAL, \$82,834 for PERS 2/3, and \$14,220 for LEOFF 2.

As stated in the DRS CAFR at June 30, 2022 (the measurement date of the plans), the City proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

Plan	Allocation %	Liability (Asset)
Plan 1 UAAL	0.007925%	220,661
PERS 2/3	0.010311%	(382,412)
LEOFF 2	0.006868%	(186,561)

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

NOTE 8 – RISK MANAGEMENT

The City of La Center 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, 2022, 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. For the first \$1 million in 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. The \$9 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 reinsurance coverage is purchased through NLC MIC and excess property coverage is purchased through AIG Specialty Insurance Company and CHUBB. In 2022, AWC RMSA carried a retention of \$200,000, 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 – LEASES

During the year ended December 31, 2022, the City of La Center 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 La Center leases two copy machines - one from Solutions Yes LLC for \$191 per month under a 63-month lease, and another from MailFinance, Inc. for \$1,586 per quarter under a 5-year lease.

Total amount paid for leases in 2022 was \$6,535. As of December 31, 2022, the future lease payments are as follows:

Year Ended December 31	Total
2023	\$ 8,636
2024	7,050
2025	2,292
2026	2,292
2027-2028	2,674
Total	\$ 22,944

NOTE 10 – COVID-19 PANDEMIC

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of COVID-19. Precautionary measures to slow the spread of the virus continued throughout 2021. These measures included limitations on business operations, public events, gatherings, travel, and in-person interactions.

Management has implemented measures to comply with the requirements of the Governor's declaration and has put into place cost control measures to try to limit the financial impact.

The length of time these measures will continue to be in place, and the full extent of the direct or indirect financial impact on the city is unknown at this time.

**City of La Center
Schedule of Liabilities
For the Year Ended December 31, 2023**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absenses		99,837	1,916	-	101,753
264.30	Pension Liability		220,661	-	41,535	179,126
263.82	PWTF PC08-951-021	10/1/2028	1,484,709	-	247,452	1,237,257
263.57	Lease Liability	2/14/2028	22,944	-	8,636	14,308
263.57	SBITA Liability	12/31/2026	-	72,113	20,749	51,364
Total Revenue and Other (non G.O.) Debt/Liabilities:			1,828,151	74,029	318,372	1,583,808
Total Liabilities:			1,828,151	74,029	318,372	1,583,808

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

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absenses		119,430	-	19,593	99,837
264.30	Pension Liabilities		94,377	126,284	-	220,661
263.82	PWTF PC08-9510-21	10/1/2028	1,732,160	-	247,451	1,484,709
263.57	Lease Liability	2/14/2028	17,446	12,033	6,535	22,944
Total Revenue and Other (non G.O.) Debt/Liabilities:			1,963,413	138,317	273,579	1,828,151
Total Liabilities:			1,963,413	138,317	273,579	1,828,151

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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