



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

City of Electric City

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

Published April 21, 2025

Report No. 1037012



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

April 21, 2025

Mayor and City Council
City of Electric City
Electric City, Washington

Report on Financial Statements

Please find attached our report on the City of Electric City'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 Electric City January 1, 2023 through December 31, 2023

Mayor and City Council
City of Electric City
Electric City, 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 Electric City, 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 April 9, 2025.

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

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

We noted certain other matters that we have reported to the management of the City in a separate letter dated March 25, 2025.

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

April 9, 2025

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

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

Mayor and City Council
City of Electric City
Electric City, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of the City of Electric City, 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 Electric City, 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 Electric City, 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 Schedule of Liabilities is presented for purposes of additional analysis, as required by the prescribed BARS manual. This schedule is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 2025 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 written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

April 9, 2025

FINANCIAL SECTION

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

FINANCIAL STATEMENTS

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

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2023

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

		Total for All Funds (Memo Only)	001 Current Expense Fund	101 City Street Fund	112 Hotel-Motel Tax Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	5,768,139	2,572,407	276,764	478,634
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	620,919	514,529	20,414	59,638
320	Licenses and Permits	9,172	9,172	-	-
330	Intergovernmental Revenues	124,978	66,743	58,235	-
340	Charges for Goods and Services	2,119,573	146,217	150	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	129,444	63,060	8,100	10,264
Total Revenues:		3,004,086	799,721	86,899	69,902
Expenditures					
510	General Government	270,712	246,868	-	-
520	Public Safety	324,537	324,537	-	-
530	Utilities	2,082,745	5,246	45,141	-
540	Transportation	130,092	-	130,092	-
550	Natural/Economic Environment	98,519	11,896	-	86,623
560	Social Services	3,000	3,000	-	-
570	Culture and Recreation	334	334	-	-
Total Expenditures:		2,909,939	591,881	175,233	86,623
Excess (Deficiency) Revenues over Expenditures:		94,147	207,840	(88,334)	(16,721)
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	416,989	10,000	241,989	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		416,989	10,000	241,989	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	229,764	-	-	-
597	Transfers-Out	416,989	270,000	40,000	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	2,809	2,809	-	-
Total Other Decreases in Fund Resources:		649,562	272,809	40,000	-
Increase (Decrease) in Cash and Investments:		(138,426)	(54,969)	113,655	(16,721)
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	906,834	-	-	-
50841	Committed	-	-	-	-
50851	Assigned	2,573,705	368,268	390,419	461,913
50891	Unassigned	2,149,172	2,149,172	-	-
Total Ending Cash and Investments		5,629,711	2,517,440	390,419	461,913

The accompanying notes are an integral part of this statement.

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

		305 WSDOT Pedestrian Pathway	307 Municipal Capital Improvement	400 Water/Sewer Fund	440 Transfer Station Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	35,369	98,145	766,783	1,025,099
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	26,338	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	679,900	812,071
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	2,035	17,417	19,428
Total Revenues:		-	28,373	697,317	831,499
Expenditures					
510	General Government	-	23,844	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	786,210	685,355
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	23,844	786,210	685,355
Excess (Deficiency) Revenues over Expenditures:		-	4,529	(88,893)	146,144
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	165,000	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	165,000	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	107,378	122,386
597	Transfers-Out	-	-	-	10,000
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	-	107,378	132,386
Increase (Decrease) in Cash and Investments:		-	4,529	(31,271)	13,758
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	35,369	102,674	-	768,791
50841	Committed	-	-	-	-
50851	Assigned	-	-	735,511	270,065
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		35,369	102,674	735,511	1,038,856

The accompanying notes are an integral part of this statement.

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

		470 Garbage Fund
		<hr/>
Beginning Cash and Investments		
308	Beginning Cash and Investments	514,938
388 / 588	Net Adjustments	-
Revenues		
310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	-
340	Charges for Goods and Services	481,235
350	Fines and Penalties	-
360	Miscellaneous Revenues	9,140
Total Revenues:		<hr/> 490,375
Expenditures		
510	General Government	-
520	Public Safety	-
530	Utilities	560,793
540	Transportation	-
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		<hr/> 560,793
Excess (Deficiency) Revenues over Expenditures:		<hr/> (70,418)
Other Increases in Fund Resources		
391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	-
Total Other Increases in Fund Resources:		<hr/> -
Other Decreases in Fund Resources		
594-595	Capital Expenditures	-
591-593, 599	Debt Service	-
597	Transfers-Out	96,989
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	-
Total Other Decreases in Fund Resources:		<hr/> 96,989
Increase (Decrease) in Cash and Investments:		<hr/> (167,407)
Ending Cash and Investments		
50821	Nonspendable	-
50831	Restricted	-
50841	Committed	-
50851	Assigned	347,529
50891	Unassigned	-
Total Ending Cash and Investments		<hr/> 347,529

The accompanying notes are an integral part of this statement.

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

		<u>Custodial</u>
308	Beginning Cash and Investments	(695)
388 & 588	Net Adjustments	-
310-390	Additions	1,541
510-590	Deductions	1,541
	Net Increase (Decrease) in Cash and Investments:	-
508	Ending Cash and Investments	(695)

The accompanying notes are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Electric City was incorporated on August 5, 1950 and operates under the laws of the state of Washington applicable to a non-charter code city with a Mayor-Council form of government. The City is a general-purpose government and provides public safety, street maintenance, parks and recreation, health and social services, and general administrative services. In addition, the City of Electric City owns and operates a water and sewer system.

The City of Electric 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 (further clarification found in Note 3 "Component Unit(s), Joint Ventures and Related Parties").
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances for proprietary and fiduciary funds are presented using classifications that are different from the ending net position classifications in GAAP.

A. Fund Accounting

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

GOVERNMENTAL FUND TYPES:

General (Current Expenses) 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

The City of Electric City had two special revenue funds in 2023

- Fund 101 is the City Street Fund and provides for the maintenance and upkeep of the City's streets. This fund receives monies from the state through automotive "tab" monies and from business and operating taxes on utility services.
- Fund 112 is the Hotel Motel Fund and receives Lodging tax monies from the state. Money is disbursed out of this fund annually to non-profit "tourism agencies" within the Grand Coulee Dam Area through a grant application process.

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. The City of Electric City funds that fall within this category are as follows:

- Fund 305 is the Washinton State Department of Transportation fund set up for the building of a pedestrian parkway. The City has received a 75% grant/25% City funded grant/loan package to establish a pathway along Hwy 155. The project is currently being revised at WSDOT with regards to establishing a barrier between the pathway and the shoreline of Banks Lake. No activity was reported in this fund in 2023.
- Fund 307 is the City of Electric City's Capital Improvement fund. This fund receives monies from the state through REET1 and REET2 real estate sales within the municipality.

PROPRIETARY FUND TYPES:

Enterprise Funds

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges. The City of Electric City funds that fall within this category are as follows:

- Fund 400 is the water/sewer fund for the City. The fund receives money from residential utility service fees. All monies received stay within this fund and expenditures out of this fund are for the maintenance of the utility services of water and sewer.
- Fund 440 is the Transfer Station fund. Funds received in this fund are from refuse income from both residents and from Sunrise Disposal, the solid waste contractor in the area. Expenditures from this fund are for the maintenance and upkeep of the Transfer Station and for the transportation of the local solid waste to Grant County's landfill in Ephrata.
- Fund 470 is the garbage fund for the City. The fund receives monies from residential garbage fees. All monies received stay within this fund and expenditures out of this fund are for the maintenance of the utility services of garbage.

Custodial Funds

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

- Fund 632 is a fund from the transfer of PSEA monies and Leaseholder Excise tax monies that pass through the City general fund by the state. These monies must be paid to the Departments of Revenue and Commerce annually.

B. Basis of Accounting and Measurement Focus

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

In accordance with state law the City of Electric 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 6 - *Deposits and Investments*.

D. Capital Assets

Capital assets are assets with an individual cost of more than \$5,000 and an estimated useful life in excess of one year(s). Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Unused paid vacation hours not more than two hundred forty (240) hours shall carry over to the following year. Any paid vacation hours earned beyond two hundred forty (240) hours after the effective date of this policy shall be forfeited. Paid vacation hours accrued prior to the effective date of this policy shall carry-over and shall not be subject to forfeiture, provided however, that such accrued paid vacation hours shall be used in the determination of whether the employee is beyond the maximum two hundred forty (240) hour accrual.

Example: Employee has 300 paid vacation hours prior to the effective date of this policy. The employee shall continue to have a balance of 300 paid vacation hours but will not accrue any additional hours of paid vacation until the paid vacation balance is below 240 hours.

Employees will be paid for unused vacation time upon termination of employment, except in the case of termination during the employee's probationary period.

Sick leave may be accumulated indefinitely. Upon separation or retirement employees do receive payment for unused sick leave on the following schedule. Employees who terminate employment by retiring, under the State guideline for PERS I or II, shall receive compensation for 100% accumulated leave up to sixty (60) days. For employees with (10) ten years of service on March 26, 2002, upon retirement any remaining unused accrued sick leave, above the initial (60) sixty days, shall be paid at twenty five percent (25%) or one (1) paid day for every (4) four days accumulated, up to an additional 30 days. A maximum of ninety (90) days of accumulated sick leave shall be paid to employees upon retirement. Payments are recognized as expenditures when paid.

F. Long-Term Debt

See Note 8 - *Debt Service Requirements*.

G. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments is reported as reserved when it is subject to restrictions on use imposed by external parties or due to internal commitments established by ordinance of the City Council. When expenditures that meet restrictions are incurred, the City of Electric City intends to use reserved resources first before using unreserved amounts. The City of Electric City has the following reserve funds:

FUND 305 was established in 2019 to facilitate a WSDOT Grant (project #HLP-BP19(021)). Fund Balance on December 31, 2023 was \$35,369.01.

FUND 307 is the Municipal Capital Improvement Fund generated by real estate excise taxes as imposed by the state under chapter 82.45 RCW and chapter 458-61 WAC. Fund balance on December 31, 2023 was \$102,674.33.

FUND 440 Ordinance No. 452-2012 created the Transfer Station Fund to be used only for the operation and maintenance of the transfer station. Fund Balance on December 31, 2023 was \$768,791.23.

TOTAL BALANCE of all restricted and committed funds is \$906,834.57.

Note 2 - Budget Compliance

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

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

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

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

Interfund transfers were approved within the 2023 Budget by the City Council on December 13, 2022, and by Ordinance No. 597-2022.

Fund	Final Appropriated Amounts (Not including Interfund Transfers)	Actual Expenses	Variance
001 - Current Expense Fund			
Current Expense Fund	\$ 553,680.00	\$ 843,581.59	\$ (289,901.59)
Fire Department Fund	\$ 18,500.00	\$ 12,658.66	\$ 5,841.34
Municipal Park Fund	\$ 50,000.00	\$ 103.87	\$ 49,896.13
Coulee Playland Park Cap.	\$ 45,000.00	\$ -	\$ 45,000.00
Office Equipment Cum	\$ 11,400.00	\$ 6,805.08	\$ 4,594.92
Severance Trust Fund	\$ -	\$ -	\$ -
Leaseholder Account	\$ 963.00	\$ 1,540.80	\$ (577.80)
Total 001 - Current Expense Fund	\$ 679,543.00	\$ 864,690.00	\$ (185,147.00)
101 - City Street Fund	\$ 228,350.00	\$ 175,233.00	\$ 53,117.00
110 - ECTBD	\$ 65,000.00	\$ 40,000.00	\$ 25,000.00
Total 101 - City Street Fund	\$ 293,350.00	\$ 215,233.00	\$ 78,117.00
112 - Hotel-Motel Tax Fund	\$ 103,000.00	\$ 86,623.26	\$ 16,376.74
305 - WSDOT Pedestrian Pathway	\$ 661,413.93	\$ -	\$ 661,413.93
307 - Municipal Capital Improvement Fund	\$ 88,438.74	\$ 23,843.87	\$ 64,594.87
400 - Water/Sewer Fund			
Water/Sewer Fund	\$ 1,889,447.00	\$ 893,588.00	\$ 995,859.00
W & S Capital Facilities	\$ -	\$ -	\$ -
Total 400 - Water/Sewer Fund	\$ 1,889,447.00	\$ 893,588.00	\$ 995,859.00
440 - Transfer Station Fund			
Transfer Station Fund	\$ 707,221.09	\$ 760,159.45	\$ (52,938.36)
Transfer Station Reserve Fund	\$ -	\$ -	\$ -
Delano Post Closure Reserve Fund	\$ 55,500.00	\$ 57,581.65	\$ (2,081.65)
Total 440 - Transfer Station Fund	\$ 762,721.09	\$ 817,741.10	\$ (55,020.01)
470 - Garbage Fund	\$ 432,722.00	\$ 657,782.52	\$ (225,060.52)

Interfund Transfers

From	To	Amount
General Expenses, Fund 001	City Streets, Fund 101	\$ 125,000.00
General Expenses, Fund 001	Water/Sewer, Fund 400	\$ 125,000.00
General Expenses, Fund 001	Street Equipment Reserve, Fund 103	\$ 20,000.00
Office Equipment Reserve, Fund 010	General Expenses, Fund 001	\$ 6,400.00
Street Equipment Reserve, Fund 103	City Streets, Fund 101	\$ 20,000.00
ECTBD, Fund 110	City Streets, Fund 101	\$ 40,000.00
Water/Sewer, Fund 400	W&S Capital Facilities, Fund 401	\$ 40,000.00
Transfer Station, Fund 440	Severance Trust., Fund 600	\$ 10,000.00
Transfer Station, Fund 440	Transfer Station Reserve, Fund 441	\$ 10,000.00
Transfer Station, Fund 440	Post Closer, Fund 442	\$ 15,000.00
Post Closure, Fund 442	Transfer Station, Fund 440	\$ 5,500.00

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

GRAND COULEE/ELECTRIC CITY WASTEWATER TREATMENT FACILITY

The Wastewater Treatment Facility (WWTF) is owned jointly by the two governments. The City of Grand Coulee owns sixty three percent (63%) of the facility and the City of Electric City owns the remaining thirty seven percent (37%). There has been no change in this percentage since the inception of the joint venture, June 26, 1984. A five-member advisory board comprised of three council members from Grand Coulee and two council members from Electric City administers the WWTF. One member appointed from each municipality shall serve for a period of three years, and the third member from Grand Coulee shall serve for one year. The Chairman of the Board will alternate between each municipality annually. The governments do exercise specific control over the budgeting and financing of the WWTF activities.

Wastewater Treatment Facility revenues are derived from user fees, federal and state grants, and interest from investments. Non-routine expenditures over \$4,000 require board approval before submittal to municipalities. Participants in operating deficits are shared based on the joint agreement of Grand Coulee 63% and Electric City 37%. Contingent liability exists in the event of a revenue shortfall to be shared based on the joint agreement.

The Joint Board of Operation is responsible for the operation and maintenance of the facility. Each municipality approves the proposed annual budget. The approved proposal is then incorporated within the annual budget for Grand Coulee.

Each municipality establishes sewage disposal charges sufficient to meet the treatment costs. Grand Coulee controls disbursements. Electric City pays each month to Grand Coulee a disposal charge of their share of the operation and maintenance costs and administration.

The WWTF is located on U.S. Bureau of Reclamation property.

The Wastewater Treatment Facility is a component unit of Grand Coulee and Electric City and is classified as an enterprise fund within Grand Coulee, the reporting entity.

DELANO LANDFILL/TRANSFER STATION

The Delano Landfill/Transfer Station is located between Electric City and Grand Coulee near the northern margin of Grant County and the Columbia Plateau in Central Washington. Delano Landfill/Regional Transfer Station is located on Grant County property within the City limits of Grand Coulee. The existing site is approximately 34.7 acres. The Landfill/Transfer Station currently receives waste from Grand Coulee, Electric City, Coulee Dam, Elmer City, the unincorporated areas surrounding the four cities, and the US Bureau of Reclamation.

The Delano Landfill history began October 1, 1968 when the Cities of Electric City, Grand Coulee, Coulee Dam and the Town of Elmer City ("the parties") joined a cooperative agreement for licensing and operating a sanitary landfill. On November 15, 1974 Grant County was designated as the lead agency for County Wide Solid Waste Disposal System. On January 1, 1984, the municipalities of Electric City, Grand Coulee, Coulee Dam and Elmer City formed the Regional Board of Mayors (RBOM'S) and entered into an agreement to lease the sanitary landfill from Grant County. On January 1, 1989 and May 8, 1995, the municipalities entered into agreements with Grant County to continue the sanitary landfill lease agreement. On January 10, 1984 the municipalities entered into an agreement assigning Coulee Dam as administrator of the trust fund, and the Town of Coulee Dam established a fund of \$7,500.00 for closure costs of the landfill. On October 12, 1989, a new interlocal agreement was entered into and a 15% contribution from each community was established to pay for the future closure costs of the Landfill.

Currently, the Regional Board of Mayors oversees the operation of the Delano Landfill/Regional Transfer Station, along with recommending the user fees for the Landfill/Regional Transfer Station, for approval of each respective council. The City of Electric City prepares and submits the proposed annual budget for approval from the Regional Board, and then the approved proposal is incorporated within the budget ordinance for Electric City.

On August 13, 2007, the parties entered a new Interlocal Cooperative Agreement for the continued operation of the Regional Board of Mayors. The new Interlocal Cooperative Agreement outlines the working rules of the operation of the board. This agreement also established that the City of Grand Coulee shall maintain the books, records, documents, and other evidence and accounting procedures and practices, which sufficiently and accurately reflect all revenues and direct and indirect costs and shall be compensated a monthly 15% operational administrative fee.

All funds of the joint operations of all parties known as the "Regional Board of Mayors" shall be deposited in the public treasury of the City of Grand Coulee. On December 31, 2007, the Town of Coulee Dam submitted to the City of Grand Coulee the following fund balances.

• Regional Board Landfill Fund	\$ 294,501.05
• Regional Board Post Closure Fund	\$ 160,330.49
• Regional Board Closure Fund	<u>\$ 320,811.84</u>
Total	\$ 775,643.38

In 2008 the City of Grand Coulee established the Solid Waste Handling Fund and combined the Landfill Closure and Post Closure Funds together within their public treasury accounting.

In 2009, the RBOM's authorized the purchase of \$35,000 for walking floor trailers from the Solid Waste Handling Fund. The RBOM's determined the Solid Waste Handling Fund was not needed and transferred \$123,174.49 from the Solid Waste Handling Fund to the Landfill Closure & Post Closure to meet the 2009 Financial Assurance Plan Balance. Remaining Funds were returned to the Operation &

Maintenance Landfill Fund, resulting in a zero balance in the Solid Waste Handling Fund. The 441 Solid Waste Handling Fund was closed.

On December 19, 2011 the parties entered into a 4th Addendum to the Interlocal Cooperative Agreement for the continued operation of the Regional Board of Mayors. The new Addendum transferred the administrative responsibilities from the City of Grand Coulee to the City of Electric City, effective January 1, 2012. This 4th Addendum also established an Audit Committee which shall be responsible for review and oversight of the books and records maintained by the Administrative City.

All funds of the joint operations of all parties known as the "Regional Board of Mayors" shall be deposited in the public treasury of the City of Electric City. On May 19, 2012, the City of Grand Coulee submitted to the City of Electric City \$171,625.20 and on April 9, 2013 submitted \$333,606.83 for the Transfer Station Fund balance of \$505,232.03. On August 27, 2013 The City of Grand Coulee submitted \$985,715.00 to be deposited to the Post Closure Fund. Total fund balances submitted below:

• Regional Board Transfer Station Fund	\$ 505,232.03
• Regional Board Post Closure Fund	<u>\$ 985,715.00</u>
Total	\$1,490,947.03

The City of Electric City reported the 2023 ending fund balance for RBOM's funds within their public treasury as follows.

• Transfer Station Fund	\$ 270,064.93
• Transfer Station Post Closure Reserve Fund	<u>\$ 723,224.86</u>
Total	\$ 993,289.79

Complete financial statements may be obtained from the Electric City City Clerk, PO Box 130, Electric City, WA 99123 and the Grand Coulee City Clerk, PO Box 180, Grand Coulee, WA 99133. A member of the City of Electric City administrative staff is assigned to act as secretary for the Regional Board of Mayors.

The City of Electric City employs and supervises the transfer station personnel. Electric City is reimbursed for the actual costs of employment from the RBOM's funds held by the City of Electric City. Complete financial statements can be obtained from the City of Electric City, PO Box 130, Electric City, WA 99123.

In November 2007, a Final Closure, Post Closure and Financial Assurance Plans were prepared for the Delano Landfill Site. In November 2014 the Financial Assurance Plan was updated for current data information. Although the Plan states that an annual contribution to the Trust Fund would be \$13,248.00 the Regional Board of Mayors decided to keep that amount to \$15,000.00 to better meet future costs. In October 2015 the Financial Assurance Plan was updated for the current data information. The amount of needed funds for post-closure was raised by \$80,634.00 and the annual contribution of \$15,000.00 remained the same. A complete copy of these plans may be obtained from the Clerk's office of the City of Electric City.

In December 2007 the parties entered into an addendum to the Interlocal Cooperative Agreement for the financing and administration of Closure and Post Closure activities at the Delano Landfill. The Statement of Purpose for this addendum is for the parties to take all necessary action in cooperation with each other to meet their obligation to fulfill all landfill closure and post closure requirements and to be jointly responsible for funding all costs and expenses, including, but not limited to, the obligation to repay loan proceeds of \$856,900.00 obtained from the Public Works Trust Fund Loan Program of the

State of Washington. A complete copy of the addendum may be obtained from the Clerk's office of the City of Grand Coulee.

DELANO REGIONAL TRANSFER STATION

In December 2007 the parties entered into an addendum to the Interlocal Cooperative Agreement for the financing and administration of Construction, Funding, and Operation of a Transfer Station. The Statement of Purpose for this addendum is for the parties to take all necessary action in cooperation with each other to finance, construct, operate, and seek all necessary approvals from state, county, and local entities required for the construction and operation of a transfer station and for the transfer of waste from the transfer station to the Ephrata Landfill.

This addendum remains in effect for the term of the loans obtained to fund the construction of the transfer station, or so long as the transfer station is sufficient and adequate to serve the parties and they agree to continue its use, whichever period is longer.

During the term of this addendum, the parties agree to deliver all solid waste generated within each respective city, to the Transfer Station. Any contracts for solid waste collection within the four Cities must include a requirement that all collected solid waste be exclusively delivered to the transfer station. This exclusive utilization is necessary to meet the terms of repayment of the underlying loans from the Public Works Trust Fund Loan Program of the State of Washington in the amount of \$1,540,900.00 for the construction of the transfer station and continued maintenance and operation of the transfer station.

The parties may only terminate their participation prior to the full repayment of the underlying loans from the Public Works Trust Fund of the State of Washington, by paying, in advance, an early termination penalty in the amount of \$10,000.00 and its equitable share of the underlying loans and other expenses for the transfer station, which amounts shall be determined as follows:

$$D = \frac{a}{b} \times C$$

"D" represents equitable share of underlying loans and other expenses for Transfer Station

"a" represents average number of customers of withdrawing city for past 3 years

"b" represents average number of customers of all cities for past 3 years

"C" represents outstanding loan balances for construction of transfer station and closure and post closure of the Delano Landfill, plus each future year's O & M costs and expenses for the transfer station based on the actual total O & M for the year preceding early termination adjusted by the change in Consumer Price Index using "West Urban-All Urban Consumers-All Items.

Note: If termination occurs prior to end of the first 3 years of transfer station operation, the ratio would be based upon the number of customers for the months of operation of the transfer station preceding termination.

A complete copy of the addendum may be obtained from the Clerk's office of the City of Electric City.

During the period of January 1, 2023, through December 31, 2023, a pending loan liability from State of Washington Public Works Trust Fund, for the construction of the Delano Regional Transfer Station, and the Closure of the Landfill had a combined balance of \$831,752.62. Jointly the debt was decreased by \$118,821.82, with a final outstanding debt of \$712,930.80.

The City of Electric City's obligation, of the \$118,821.82 that was paid, was \$28,189.55 (.237242178% of the debt)

The parties have jointly agreed for financial reporting purposes that the outstanding loans will report their percentage of the outstanding loans and liabilities for landfill closure and post-closure using the following formula: Total Statement of Billings from Contracted Solid Waste Collection Contractor (currently Sunrise Disposal) divided by amount billed to each entity.

For the period of January 1, 2023, to December 31, 2023, the total amount billed is as follows:

City of Electric City	\$	183,094.24	0.242616472%
City of Grand Coulee	\$	287,598.61	0.381094239%
Town of Coulee Dam	\$	242,882.72	0.32184163%
Town of Elmer City	\$	<u>41,089.76</u>	0.054447658%
TOTAL	\$	754,665.33	100%

Note 4 – Financial Condition

The City of Electric City has no financial concerns.

Note 5 – Going Concern

The City of Electric City has no going concerns.

Note 6 – Deposits and Investments

Investments are reported at face value. Per the BARS manual, Face Value is defined as "With Face Value, interest earnings are recorded only when received." Deposits and investments by type at December 31, 2023 are as follows:

Type of Investment	Total
L.G.I.P. #00650	\$ 1,512,881.64
L.G.I.P. #00654	\$ 319,421.67
North Cascades Bank CD#64080726	\$ 116,426.36
TVI City Bond & Treasury Note Investments	\$ 2,498,832.32
TVI RBOM Bond & Treasury Note Investments	\$ 619,986.00
Checking, Xpress, & Safekeeping balances	\$ 561,254.00
Total	\$ 5,628,801.99

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

Investments in the State Local Government Investment Pool (LGIP)

The City of Electric 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.

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

Note 7 - Interfund Loans

In 2023 there were no Interfund loans or advances.

Note 8 – Long-Term Debt *(formerly Debt Service Requirements)*

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

The City of Electric City's long-term debt is listed in The Schedule of Liabilities. Long term debt was obtained through a joint venture relating to the Delano Landfill/Transfer Station. The City of Electric City became the lead agency for the Regional Board of Mayors (RBOM) on January 1, 2012 and oversees the operation of the Delano Landfill/Regional Transfer Station. The RBOM has joint liability for long term debt. The City is a participant in the RBOM and shares a portion of the debt as explained in detail in NOTE 3. The outstanding debt in NOTE 3 reflects Electric City's portion of this jointly held liability.

During the year ended December 31, 2023, the City of Electric City adopted guidance for the presentation and disclosure of leases as required by the BARS manual. This requirement resulted in the addition of lease liability reported on the Schedule of Liabilities.

In Quarter 1 of 2022 the City of Electric City entered a 5-year lease with Pitney Bowes for a postage meter. Payments of \$114.48 will be paid quarterly until Quarter 4 of 2026. The annual expenditure will be \$457.92 for a total 5-year expenditure of \$2,404.08.

On June 28, 2023, the City of Electric City entered into a Tax-Exempt Municipal Lease agreement with NCL Government Capital for the purpose of acquiring a 2014 Elgin Whirlwind Street Sweeper. The agreement is for a seven (7) year term with annual lease payments of \$20,232.19 due by June 28th of each year. Final payment will be on June 28, 2030.

ARSENIC TREATMENT REMOVAL FACILITY

On February 22, 2011, the City of Electric City entered a contract with the Washington State Department of Commerce, Public Works Board, and Drinking Water State Revolving Fund Loan. The loan has a term of 23 years for \$1,843,408.88. Annual repayment of principal and interest began on October 1, 2014. The city started construction of the Arsenic Removal Facility in March 2012 and council voted unanimously that the project was complete in October 2013. This debt will be shared with the City of Grand Coulee pursuant to the Interlocal Agreement for the sale and delivery of potable water signed May 2003 and the Amended and Restated Interlocal Agreement signed July 2015. The long-term debt is listed in The Schedule of Liabilities.

Loan Agency	Date of Issue	Date of Maturity	Future Pending Loans	Beginning Outstanding Debt 1/1/2023	Amount Issued Current Year	Amount Redeemed Current Year	Ending Outstanding Debt 12/31/2023
Arsenic Treatment Loan	3/2011	10/1/2033		\$ 1,013,874.95		\$ 92,170.43	\$ 921,704.52
Elgin Street Sweeper	6/28/2023	6/28/2030		\$ 108,200.00		\$ -	\$ 108,200.00
Totals				\$ 1,122,074.95		\$ 92,170.43	\$ 1,029,904.52

The debt service requirements for current outstanding loan, including interest, is as follows:

	Principal	Interest	Total Debt
2024	\$ 104,588.94	\$ 21,639.27	\$ 126,228.21
2025	\$ 105,485.73	\$ 19,359.91	\$ 124,845.64
2026	\$ 106,447.33	\$ 17,015.79	\$ 123,463.12
2027	\$ 107,478.31	\$ 14,602.22	\$ 122,080.53
2028	\$ 108,583.79	\$ 12,114.20	\$ 120,697.99
2029-2033	\$ 497,320.42	\$ 24,734.55	\$ 522,054.97
Total	\$ 1,029,904.52	\$ 109,465.94	\$ 1,139,370.46

Note 9 – Pension Plans

Substantially all City of Electric City's full-time and qualifying, part-time employees participate in the following statewide retirement systems administered by the Washington State Department of

Retirement Systems (DRS), under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans.

- PERS

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

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available 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.

The City of Electric City also participates in the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund (VFFRPF) administered by the State Board for Volunteer Fire Fighters and Reserve Officers.

Detailed information about the plan is included in the State of Washington CAFR available from the Office of Financial Management website at www.ofm.wa.gov.

As of June 30, 2023, the City of Electric City proportionate share of the collective net pension liability for DRS, as reported on the Schedule 09, was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1 UAAL	\$ 14,430.69	0.0023550%	\$ 53,578.00
PERS 2/3	\$ 26,841.99	0.003053%	\$ (126,116.00)
VFFRPF	\$ 570.00	0.33000%	\$ (65,234.97)

Note 10 - Property Tax

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

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

The City of Electric City's regular levy for the year 2023 was \$1.9188343709 per \$1,000 on an assessed valuation of \$79,892,945 for a total regular levy of \$148,213.88

Note 11 – Risk Management

The City of Electric City is a member of Cities Insurance Association of Washington (CIAW). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services 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 program was formed on September 1, 1988, when 34 cities in the state of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of November 30, 2023, membership includes 195 members in the program.

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

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

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

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

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

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

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

The program has no employees. Claims are filed by members/brokers with Clear Risk Solutions, who has been contracted to perform program administration, underwriting, claims adjustment, and loss prevention for the program. Fees paid to the third-party administrator under this arrangement for the year ending December 1, 2023, were \$2,747,183.56.

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

Note 12 – Other Disclosures

ELECTRIC CITY MUNICIPAL COURT

Electric City does not maintain a Municipal Court. All infractions are processed at the County Court Clerk office for a processing fee of \$30 per transaction. Infraction revenue is deposited into the city's checking account and record in the City's accounting system in the appropriate BARS code. All revenues from traffic infraction penalties are receipted into the city's checking account and the City Clerk prepares reports to the City of Electric City showing the total funds received during the preceding month. A report is given that itemizes those funds that belong to the City, and those funds that are held on behalf of the State of Washington. The City Clerk writes a check quarterly to State of Washington. That portion of the revenue that belongs to the city is receipted into the city's current expense fund.

TRANSPORTATION BENEFIT DISTRICT

On October 23, 2012, the City approved the formation of a Transportation Benefit District (MCAG #3042). In a review of the 2013 and 2014 annual reports that was completed on December 31, 2015, the State Auditor's Office (SAO) recommended including the Electric City Transportation Benefit District funds in the City's financial statements. The City made this necessary transition beginning with the 2014 fiscal year prior to the end of the audit. The Electric City Transportation Benefit District has its own checking account and transfers money into the city's checking account as budgeted. In January 2016, the Transportation Benefit District was dissolved, and the funds were transferred into the City Street Fund.

Beginning Fund Balance as of January 1, 2023	Deposits	Expenditures	Ending Fund Balance as of December 31, 2023
\$ 43,563.37	\$ 20,413.80	\$ 40,000.00	\$ 23,977.17

MULTI AGENCY COMMUNICATIONS CENTER

In 2001, the City of Electric City entered into an Inter-local Cooperative Agreement with other municipalities, agencies and fire districts in Grant County under the authority of RCW Chapter 39.34 in order to provide for the joint exercise of their powers, privileges and authorities to operate a consolidated 911 emergency dispatch facility they named Multi Agency Communications Center (MACC). MACC serves as the Public Safety Answering Point for all of the law enforcement agencies in Grant County. The City paid \$7,155.12 for user fees in fiscal year 2023.

FUND 600 Severance Trust Fund

Beginning 2017 Fund 600 is no longer independently reported as a Fiduciary Fund. The fund is now reported under Fund 001 Current Expense Fund.

City of Electric City
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						
263.83	DWSRF DM10 952.020	10/1/2033	1,013,875	-	92,170	921,705
Total General Obligation Debt/Liabilities:			1,013,875	-	92,170	921,705
Revenue and Other (non G.O.) Debt/Liabilities						
263.22	Liabilities for Landfill	12/31/2042	714,543	3,639	12,763	705,419
259.12	Compensated Absences	12/31/2034	57,537	40,620	-	98,157
264.30	Pension Liability	12/31/2034	65,572	-	11,814	53,758
263.57	Lease Liabilities	12/31/2030	110,184	-	458	109,726
Total Revenue and Other (non G.O.) Debt/Liabilities:			947,836	44,259	25,035	967,060
Total Liabilities:			1,961,711	44,259	117,205	1,888,765

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.

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