



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

City of Arlington

For the period January 1, 2024 through December 31, 2024

Published September 18, 2025

Report No. 1038057



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

September 18, 2025

Mayor and City Council
City of Arlington
Arlington, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the City of Arlington's financial statements and compliance with federal laws and regulations.

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

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

City of Arlington January 1, 2024 through December 31, 2024

SECTION I – SUMMARY OF AUDITOR’S RESULTS

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

Financial Statements

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

Internal Control over Financial Reporting:

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

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

Federal Awards

Internal Control over Major Programs:

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

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

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

Identification of Major Federal Programs

The following program was selected as a major program in our audit of compliance in accordance with the Uniform Guidance.

<u>ALN</u>	<u>Program or Cluster Title</u>
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds

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

The City qualified as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

INDEPENDENT AUDITOR'S REPORT

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

City of Arlington January 1, 2024 through December 31, 2024

Mayor and City Council
City of Arlington
Arlington, 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 Arlington, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated September 15, 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.

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.

Pat McCarthy, State Auditor

Olympia, WA

September 15, 2025

INDEPENDENT AUDITOR'S REPORT

Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

City of Arlington
January 1, 2024 through December 31, 2024

Mayor and City Council
City of Arlington
Arlington, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the compliance of the City of Arlington, with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2024. The City's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed; and
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



Pat McCarthy, State Auditor

Olympia, WA

September 15, 2025

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

City of Arlington January 1, 2024 through December 31, 2024

Mayor and City Council
City of Arlington
Arlington, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of the City of Arlington, as of and for the year ended December 31, 2024, 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 Arlington, and its changes in cash and investments, for the year ended December 31, 2024, 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 Arlington, as of December 31, 2024, 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.

Matters of Emphasis

As discussed in Note 13 to the financial statements, in 2024, the City adopted new accounting guidance for presentation and disclosure of compensated absences, as required by the BARS Manual. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Supplementary Information

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

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 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, reading "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

September 15, 2025

FINANCIAL SECTION

City of Arlington January 1, 2024 through December 31, 2024

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2024
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2024
Notes to Financial Statements – 2024

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2024
Schedule of Expenditures of Federal Awards – 2024
Notes to the Schedule of Expenditures of Federal Awards – 2024

City of Arlington
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2024

		Total for All Funds (Memo Only)	001 General Fund	101 Street Fund	107 Growth Management Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	69,156,169	17,592,145	482,349	5,681,115
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	19,898,982	16,606,021	-	-
320	Licenses and Permits	819,233	819,233	-	-
330	Intergovernmental Revenues	3,685,037	1,392,007	412,674	-
340	Charges for Goods and Services	21,805,802	1,500,889	108,251	291,787
350	Fines and Penalties	181,535	78,220	-	-
360	Miscellaneous Revenues	3,243,739	1,007,241	17,198	95,199
Total Revenues:		49,634,328	21,403,611	538,123	386,986
Expenditures					
510	General Government	8,071,184	5,545,935	-	-
520	Public Safety	10,886,419	10,886,419	-	-
530	Utilities	9,157,783	11,015	-	-
540	Transportation	3,975,188	-	1,166,113	-
550	Natural/Economic Environment	2,275,348	2,096,157	-	-
560	Social Services	391,338	391,338	-	-
570	Culture and Recreation	264,427	199,992	-	-
Total Expenditures:		35,021,687	19,130,856	1,166,113	-
Excess (Deficiency) Revenues over Expenditures:		14,612,641	2,272,755	(627,990)	386,986
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	5,461,557	5,461,557	-	-
397	Transfers-In	8,500,127	4,900	495,026	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	801,114	-	1,460	-
Total Other Increases in Fund Resources:		14,762,798	5,466,457	496,486	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	18,593,005	804,559	269,680	-
591-593, 599	Debt Service	9,154,926	6,540,492	-	-
597	Transfers-Out	8,500,127	3,109,271	37,548	1,685,702
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	371,381	(120,021)	-	-
Total Other Decreases in Fund Resources:		36,619,439	10,334,301	307,228	1,685,702
Increase (Decrease) in Cash and Investments:		(7,244,000)	(2,595,089)	(438,732)	(1,298,716)
Ending Cash and Investments					
50821	Nonspendable	378,967	-	-	-
50831	Restricted	21,217,816	5,214,340	43,619	4,382,399
50841	Committed	2,771,114	2,669,517	-	-
50851	Assigned	30,989,593	558,516	-	-
50891	Unassigned	6,554,684	6,554,684	-	-
Total Ending Cash and Investments		61,912,174	14,997,057	43,619	4,382,399

The accompanying notes are an integral part of this statement.

City of Arlington
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2024

		111 Public Art Fund	114 Lodging Tax Fund	116 Cemetery Fund	180 Transportation Sales Tax Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	113,398	235,139	106,174	3,844,725
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	152,798	-	1,649,697
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	203,235	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	2,288	4,699	1,347	71,495
Total Revenues:		2,288	157,497	204,582	1,721,192
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	352,357	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	179,191	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	5,134	-	-	-
Total Expenditures:		5,134	179,191	352,357	-
Excess (Deficiency) Revenues over Expenditures:		(2,846)	(21,694)	(147,775)	1,721,192
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	104,307	-	62,681	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		104,307	-	62,681	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	113,262	-	-	1,401,630
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	18,220	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		113,262	-	18,220	1,401,630
Increase (Decrease) in Cash and Investments:		(11,801)	(21,694)	(103,314)	319,562
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	213,444	-	4,164,287
50841	Committed	101,597	-	-	-
50851	Assigned	-	-	2,862	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		101,597	213,444	2,862	4,164,287

The accompanying notes are an integral part of this statement.

City of Arlington
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2024

		303 REET 1 Fund	304 Reet 2 Fund	305 Capital Facil/Bldg Fund	306 Bond Construction Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	2,718,845	3,089,290	7,025,364	605,332
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	745,233	745,233	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	41,506	47,959	105,891	10,067
Total Revenues:		786,739	793,192	105,891	10,067
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	-	-
Excess (Deficiency) Revenues over Expenditures:		786,739	793,192	105,891	10,067
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	987,238	12,939
591-593, 599	Debt Service	218,038	222,600	-	-
597	Transfers-Out	712,500	712,500	1,425,000	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		930,538	935,100	2,412,238	12,939
Increase (Decrease) in Cash and Investments:		(143,799)	(141,908)	(2,306,347)	(2,872)
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	2,575,048	2,947,383	-	602,459
50841	Committed	-	-	-	-
50851	Assigned	-	-	4,719,016	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		2,575,048	2,947,383	4,719,016	602,459

The accompanying notes are an integral part of this statement.

City of Arlington
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2024

		310 Transportation Improv Fund	311 Park Improvement Fund	316 Cemetery Cap Impr Fund	320 Equipment Replacement
Beginning Cash and Investments					
308	Beginning Cash and Investments	2,748	297,865	130,708	2,371,546
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	920,229	7,250	-	118,450
340	Charges for Goods and Services	-	680	-	52,577
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	11,605	6,073	2,203	882,805
Total Revenues:		931,834	14,003	2,203	1,053,832
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	54,984	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	602	-	-
Total Expenditures:		54,984	602	-	-
Excess (Deficiency) Revenues over Expenditures:		876,850	13,401	2,203	1,053,832
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	3,284,000	3,553,288	-	789,883
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	169,237
Total Other Increases in Fund Resources:		3,284,000	3,553,288	-	959,120
Other Decreases in Fund Resources					
594-595	Capital Expenditures	3,194,726	3,584,937	4,866	1,546,543
591-593, 599	Debt Service	-	-	-	129,316
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		3,194,726	3,584,937	4,866	1,675,859
Increase (Decrease) in Cash and Investments:		966,124	(18,248)	(2,663)	337,093
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	-
50841	Committed	-	-	-	-
50851	Assigned	968,873	279,618	128,044	2,708,640
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		968,873	279,618	128,044	2,708,640

The accompanying notes are an integral part of this statement.

City of Arlington
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2024

		402 Airport Fund	403 Water Utilities Fund	404 Sewer Utilities Fund	412 Storm Water Mgmt Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	5,712,527	9,434,005	7,855,602	1,214,063
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	713,685	-	-	120,742
340	Charges for Goods and Services	3,449,569	4,810,246	7,429,120	1,232,326
350	Fines and Penalties	18,715	33,269	43,326	8,005
360	Miscellaneous Revenues	591,743	161,437	146,911	22,068
Total Revenues:		4,773,712	5,004,952	7,619,357	1,383,141
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	3,584,755	4,256,212	953,444
540	Transportation	2,754,091	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		2,754,091	3,584,755	4,256,212	953,444
Excess (Deficiency) Revenues over Expenditures:		2,019,621	1,420,197	3,363,145	429,697
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	77,418	77,418	38,710
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	622,728	7,689	-	-
Total Other Increases in Fund Resources:		622,728	85,107	77,418	38,710
Other Decreases in Fund Resources					
594-595	Capital Expenditures	1,875,777	3,301,829	1,326,334	166,783
591-593, 599	Debt Service	26,000	-	2,018,480	-
597	Transfers-Out	76,875	131,446	439,737	73,891
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	487,596	3,806	-	-
Total Other Decreases in Fund Resources:		2,466,248	3,437,081	3,784,551	240,674
Increase (Decrease) in Cash and Investments:		176,101	(1,931,777)	(343,988)	227,733
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	1,022,699	-
50841	Committed	-	-	-	-
50851	Assigned	5,888,629	7,502,224	6,488,917	1,441,794
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		5,888,629	7,502,224	7,511,616	1,441,794

The accompanying notes are an integral part of this statement.

City of Arlington
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2024

		504 P W Facilities M&O Fund	702 Cemetery Endowment
Beginning Cash and Investments			
308	Beginning Cash and Investments	231,662	411,567
388 / 588	Net Adjustments	-	-
Revenues			
310	Taxes	-	-
320	Licenses and Permits	-	-
330	Intergovernmental Revenues	-	-
340	Charges for Goods and Services	2,727,122	-
350	Fines and Penalties	-	-
360	Miscellaneous Revenues	6,962	7,042
Total Revenues:		2,734,084	7,042
Expenditures			
510	General Government	2,525,249	-
520	Public Safety	-	-
530	Utilities	-	-
540	Transportation	-	-
550	Natural/Economic Environment	-	-
560	Social Services	-	-
570	Culture and Recreation	58,699	-
Total Expenditures:		2,583,948	-
Excess (Deficiency) Revenues over Expenditures:		150,136	7,042
Other Increases in Fund Resources			
391-393, 596	Debt Proceeds	-	-
397	Transfers-In	-	12,496
385	Special or Extraordinary Items	-	-
381, 382, 389, 395, 398	Other Resources	-	-
Total Other Increases in Fund Resources:		-	12,496
Other Decreases in Fund Resources			
594-595	Capital Expenditures	1,902	-
591-593, 599	Debt Service	-	-
597	Transfers-Out	77,437	-
585	Special or Extraordinary Items	-	-
581, 582, 589	Other Uses	-	-
Total Other Decreases in Fund Resources:		79,339	-
Increase (Decrease) in Cash and Investments:		70,797	19,538
Ending Cash and Investments			
50821	Nonspendable	-	378,967
50831	Restricted	-	52,138
50841	Committed	-	-
50851	Assigned	302,460	-
50891	Unassigned	-	-
Total Ending Cash and Investments		302,460	431,105

The accompanying notes are an integral part of this statement.

City of Arlington
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2024

		Total for All Funds (Memo Only)	Private-Purpose Trust	Custodial
308	Beginning Cash and Investments	43,855	43,847	8
388 & 588	Net Adjustments	-	-	-
310-390	Additions	94,368	2,972	91,396
510-590	Deductions	91,179	1,078	90,101
	Net Increase (Decrease) in Cash and Investments:	3,189	1,894	1,295
508	Ending Cash and Investments	47,043	45,741	1,302

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

CITY OF ARLINGTON

Period Ending December 31, 2024

Note 1 - Summary of Significant Accounting Policies

The City of Arlington was incorporated in 1903 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 police services, planning and engineering, street construction and maintenance, parks and recreation services, health and social services and general administrative services. In addition, the city owns and operates a cemetery, a water & sewer system, a storm water management system and an airport.

The City of Arlington 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 financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed but are not included in the financial statements- (see Note 3 – Component Unit(s), Joint Ventures, and related Parties).
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances for proprietary and fiduciary funds are presented using classifications that are different from the ending net position classifications in GAAP.

A. Fund Accounting

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

GOVERNMENTAL FUND TYPES:

General Fund

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

001 - This fund is the general operating fund of the city. It accounts for all financial resources and transactions except those required to be accounted for in another fund. The general fund is primarily funded by both retail sales and property taxes. The general fund also provides the administrative support for all city governmental functions.

The city has four managerial funds rolled up into the general fund; (004) a mandatory reserve fund which holds between 10% - 16% of budgeted tax, (005) a program development fund used for special projects, (006) a permitting fund used for all building permit and planning fee revenue, (008) and an opioid settlement fund to account for receipt and uses of settlement funds.

Special Revenue Funds

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

- **101-Street Department Fund.** Revenue is received from the State shared gas taxes and is restricted to street maintenance and operations.
- **107-Growth Fund.** Mitigation revenue received and used for capital road and park projects.
- **111-Public Art Fund.** Revenue received from the general fund construction sales tax and 10% to be used for art projects.
- **114-Lodging Tax Fund.** Sales tax collected from local hotel/motel revenue and is restricted for tourism related expenditure grants.
- **116-Cemetery Fund.** Revenue from burial services, lot sales and burial vaults/liners. Expenses only related to the operation of the cemetery.
- **180-Transportation Sales Tax Fund.** Voter approved sales tax can only be used for road projects.

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.

- **303-REET I Fund.** RCW 82.46.010 one-fourth percent real estate excise tax, these funds are restricted for capital projects.
- **304-REET II Fund.** RCW 82.46.010 allows a second one-fourth percent real estate excise tax and restricted to financing capital projects.
- **305-Capital Facilities Building Fund.** Funded by construction sales tax transferred from the general fund for building maintenance or repairs.
- **306-Bond Construction Fund.** Bond proceeds for general government facilities.
- **310-Transportation Improvement fund.** This fund receives federal and state grant revenue along with trip mitigation revenue collected in the permit process and can only be used for transportation road projects.

- **311-Park Improvement Fund.** This fund budgets for park projects paid for by federal, state, and local grants. Other revenue comes from park mitigation revenue collected during the permit process and used for city park facilities.
- **316-Cemetery Capital Improvement Funds.** Cemetery revenue to be used for future cemetery development.
- **320-Equipment Replacement Fund** – Money is contributed from each department for their future equipment purchases and IT replacement schedules. The city receives ballfield revenue for future repairs or upgrades to city fields.

Permanent Funds

These funds account for financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support programs for the benefit of the government or its citizenry.

- **702- Cemetery Endowment Fund.** The Cemetery collects a perpetual fee each plot sold. This is a permanent fund restricted on using any earnings except interest.

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.

- **Airport Funds**
 - **402-Airport Operating Fund.** The Airport fund accounts for the airport's operation, maintenance, and capital expenditures. Revenues come from building and land leases.
 - **410-Airport Reserve Fund.** Revenue received from the airport operating fund to be used for airport projects and city grant match as needed.
 - **413-Airport CIP (FAA) Fund.** Capital improvements for the airport are funded primarily by Federal Aviation Association (FAA) and Department of Transportation (WSDOT) grants.
 - ***These three funds are rolled up and combined under 402-Fund.***
- **Water Utilities Fund**
 - **403-Water Operating Fund.** Revenue received from water user fees and used for all water operating expenses. Excess fund balance is transferred to water improvement for capital projects.
 - **405-Water Improvement Fund.** This fund accounts for all water capital projects.
 - ***These two funds are rolled up and reported under the 403-Fund.***
- **Sewer Utilities Fund**
 - **404-Wastewater Utility Fund.** Revenue received from wastewater user fees and used for all wastewater operating expenses. Excess fund balance is transferred to wastewater improvement fund for capital projects.
 - **406-Wastewater Improvement Fund.** This fund accounts for all wastewater capital projects.
 - **411-Wastewater Bond Fund.** Reserve requirements per debt covenants.
 - ***These three funds are rolled up and reported under the 404-Fund.***

- **Stormwater Fund**
 - **409-Stormwater CIP Fund.** This fund is used for stormwater capital projects.
 - **412-Stormwater Management Fund.** Revenue received from stormwater user fees and used for all stormwater operating expenses. Excess fund balance is transferred to stormwater CIP fund for capital projects.
 - **These two funds are rolled up and reported under 412-Fund.**

Internal Service Funds

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

- **504-PW Facilities PW M&O Fund.** The M&O Internal Services fund is used to account for goods and services provided to other funds. Departments of the City pay for these services on a cost reimbursement basis. The general fund also transfers money into this fund to pay for other operating costs.

FIDUCIARY FUND TYPES:

Fiduciary Funds

These funds account for assets held by a government in a trustee capacity or as a custodian for individuals, private organizations, other governmental units, and/or other funds. These include (a) investment trust funds, (b) pension (and other employee benefit) trust funds, (c) private-purpose trust funds, (d) custodial funds and (e) external investment pool funds.

Currently the city uses (c) Private purpose & (d) custodial funds:

Private-Purpose Trust Funds

- **622- Cemetery Preneed Fund.** This fund is used to account for assets held by the city in a trustee capacity for all cemetery transactions purchased for future customer needs.

Custodial Funds

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

- **633-City Fiduciary Custodial Fund.** This fund is used for all money collected on behalf of another government entity, all sales tax and court revenue collected, then it's remitted back to the state.

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 Arlington also recognizes expenditures paid during the twenty days after the close of the fiscal year for claims incurred during the previous period.

C. Cash and Investments

***See Note 4 - Deposits and Investments.**

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$ 7,500 and an estimated useful life more than 1 year. Capital assets and inventory and recorded as capital expenditures when purchased.

E. Compensated Absences

Vacation leave may be accumulated up to 300 hours. (American Federation of State, Counties and Municipal Employees (AFSCME) Union, the Arlington Police Officer's Association (APOA) and Regular Non-represented employees).

AFSCME employees accrue sick leave at the rate of 8 hours per completed calendar month of continuous employment. No employee shall carry over a balance greater than one thousand (1,000) hours into the next calendar year. Any sick leave accrued over one thousand (1,000) hours as of December 31st each year shall be cashed out at the rate of one third (1/3) of such leave and such amount shall be deposited into the employee's HRA VEBA account.

Arlington Police Officer's Association (APOA) employees accrue sick leave at the rate of 12 hours per month of service. No employee shall carry over a balance greater than one thousand (1,000) hours into the next calendar year. Any sick leave accrued over one thousand (1,000) hours as of December 31st each year shall be cashed out at the rate of one third (1/3) of such leave and such amount shall be deposited into the employee's HRA VEBA account.

Police employees assigned hours in excess of their regular workweek shall be paid at one and one-half times their regular rate of pay. Employees may elect to accrue compensatory time off in lieu of overtime pay. Any compensatory time not used up by December 15 will be paid out in the late December paycheck.

Regular non-represented employees accrue sick leave at the rate of 8 hours per month and can accrue up to one thousand two hundred (1,200) hours per year.

In no event shall Regular, AFSCME or APOA Employee's combined sick leave and vacation benefits payable upon termination/retirement exceed 240 hours.

Payments are recognized when expenditures are paid.

F. Liabilities

***See Note 6 - *Liabilities*.**

G. Leases & Subscription Based Information Technology Arrangements (SBITA).

The city records leases as a liability. Currently the city does not have a minimum threshold for reporting lease liabilities.

H. Restricted and Committed Portion of Ending Cash and Investments

In 2024, 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. When expenditures that meet restrictions occur, the City of Arlington intends to use the most restricted resources first. Restrictions and commitments of Ending Cash and Investments consist of \$23,988,929.

Fund	Restricted	Committed	Purpose - Source of Restrictions
001	\$ 59,013		Affordable Housing; RCW 82.14.540
	\$ 5,537		Police - Drug Seizure
		\$ 2,669,517	Reserve Policy; Resolution 2019-012
	\$ 4,758,668		CED Permitting; Revenues RCW 82.02.020
	\$ 391,121		Opioid Settlement - Washington State settlement
001	\$ 5,214,340	\$ 2,669,517	
101	43,619		Street Department; RCW 47.24.040 Motor Vehicle Fuel Taxes
107	4,382,399		Road Projects; RCW 82.02.050 Mitigation Fees
111		101,597	Public Art Fund; Ordinance NO.2019-003 from Construction Sales Tax - Council
114	213,444		Tourism Promotion; Lodging Sales Tax - RCW 67.28.180
180	4,164,287		Road Projects; Voter approved RCW 82.14.510
303	2,575,048		Capital Projects; RCW 82.46.010 Sales Tax
304	2,947,383		Financing Capital Projects - RCW 82.46.035
306	602,459		Bond Revenues - Police Impound Building/PW M&O
404	1,022,699		Debt Bonds - Reserve Requirements per bonding company
702	52,138		Cemetery Endowment Care - RCW 2.80.060 Interest only
Totals	\$ 21,217,815	\$ 2,771,115	\$ 23,988,929

Note 2 - Budget Compliance

The City of Arlington adopts biennial appropriated budgets for all funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Biennial appropriations for these funds lapse at the fiscal year end. Biennial appropriated budgets are adopted on the same basis of accounting as used for financial reporting. Non-expenditure type account numbers are used in some funds.

Budgeted amounts are authorized to be transferred between departments within any fund or object classes within a department; 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 Arlington's legislative body. The City Council also approves all expenditures for payroll and claims.

The appropriated and actual expenditures for the legally adopted budgets for 2024 were as follows, which includes the final budget amendment adopted by Ordinance 2024-030

2024 - Budget vs Actuals - All Funds			
Funds	Budget	Actual	
	Final Appropriated Amounts	2024-Expenses	Variance
001-General Fund	\$ 29,849,974	\$ 26,602,688	\$ 3,247,286
004-General Mandatory Reserve Fund	\$ -	\$ -	\$ -
005-Program Development Fund	\$ 26,000	\$ -	\$ 26,000
006-CED Permitting	\$ 1,586,235	\$ 1,193,549	\$ 392,686
007-American Rescue Plan Supplies	\$ 3,338,340	\$ 2,980,960	\$ 357,380
008-Opioid Settlement	\$ -	\$ -	\$ -
Total 001-General Fund	\$ 34,800,549	\$ 30,777,197	\$ 4,023,352
101-Street Maintenance Fund	\$ 1,476,091	\$ 1,473,340	\$ 2,751
107-Growth Fund	\$ 4,388,501	\$ 1,685,701	\$ 2,702,800
111-Public Art Fund	\$ 260,000	\$ 118,396	\$ 141,604
114-Lodging Tax Fund	\$ 211,479	\$ 179,192	\$ 32,287
116-Cemetery Fund	\$ 492,156	\$ 370,576	\$ 121,580
180-Transportation Sales Tax Fund	\$ 3,185,000	\$ 1,401,630	\$ 1,783,370
303- REET I Fund	\$ 977,399	\$ 930,538	\$ 46,861
304-REET II Fund	\$ 982,261	\$ 935,100	\$ 47,161
305-Capital Facilities/Building Fund	\$ 2,515,744	\$ 2,412,239	\$ 103,505
306-Bond Construction Fund	\$ 50,000	\$ 12,939	\$ 37,061
310-Transportation Improvement Fund	\$ 20,332,500	\$ 3,249,710	\$ 17,082,790
311-Park Improvement Fund	\$ 4,797,458	\$ 3,585,538	\$ 1,211,920
316-Cemetery Capital Improvement Fund	\$ 20,000	\$ 4,866	\$ 15,134
320-Equipment Replacement Fund	\$ 1,816,529	\$ 1,675,858	\$ 140,671
			\$ -
402-Airport Fund	\$ 5,367,630	\$ 4,662,654	\$ 704,976
410-Airport Reserve Fund	\$ 2,215,500	\$ -	\$ 2,215,500
413-Airport CIP Fund	\$ 6,951,500	\$ 857,684	\$ 6,093,816
Total 402 - Airport Fund	\$ 14,534,630	\$ 5,520,338	\$ 9,014,292
			\$ -
403-Water Utilities Fund	\$ 4,709,314	\$ 4,684,829	\$ 24,485
405-Water Improvement Fund	\$ 4,510,000	\$ 3,337,010	\$ 1,172,990
Total 403-Water Utility Fund	\$ 9,219,314	\$ 8,021,839	\$ 1,197,475
			\$ -
404-Sewer Utilities Fund	\$ 7,371,923	\$ 7,349,646	\$ 22,277
406-Sewer Improvement Fund	\$ 3,160,000	\$ 1,416,117	\$ 1,743,883
411-Sewer Bond Fund	\$ 10,531,923	\$ 8,765,763	\$ 1,766,160
Total 404-Sewer Utility Fund			\$ -
			\$ -
409-Stormwater CIP Fund	\$ 2,192,500	\$ 166,329	\$ 2,026,171
412-Stormwater Management Fund	\$ 1,298,207	\$ 1,297,791	\$ 416
Total 412-Stormwater Fund	\$ 3,490,707	\$ 1,464,120	\$ 2,026,587
			\$ -
504-Maintenance & Oerations Fund	\$ 3,036,836	\$ 2,663,286	\$ 373,550
622-Cemetery Pre-Need Trust Fund	\$ 4,000	\$ 1,078	\$ 2,922
633-City Fiduciary Fund	\$ 147,450	\$ 90,101	\$ 57,349
702-Cemetery Endowment Fund	\$ -	\$ -	\$ -
Totals	\$ 117,270,527	\$ 75,339,345	\$ 41,931,182

Budget Variance:**001-General Fund:**

- \$470,000 Transfer out to Capital Facilities not needed as projects delayed.
- \$915,000 CED expenses less than projected in biennial budget, professional services-reimbursable and building consultants not needed, plus unfilled positions.
- \$204,610 – IT Dept unfilled Positions.
- 28,600 – Debt Interest savings with LTGO bond refinancing.

107-Growth Fund:

- \$584,350 – Transfer to Park Improvement not needed as project carried over to 2025.
- \$2,553,500 – Transfer to Transportation Improvement Fund not needed as projects delayed until 2025, and Island Crossing project cancelled with no federal funding.

180-TBD Fund:

- \$542,684 - Broadway Division; WSDOT and staffing delays, moved to 2025.
- \$396,392 - Road Projects; Overlap on previous projects causing delays, moved to 2025.
- \$400,000 - 74th St Trail Pavement projects; Delayed with WSDOT and federal funding/regulations, continued to 2025 completion date.
- \$303,544 Traffic Calming Program; Delayed due to staffing and plans not fully developed, moved to 2025.

310-Transportation Improvement Fund:

- \$4.7M - Island Crossing Roundabout; project was contingent on federal grant funding, which was not awarded.
- \$2.3M - 188th Roundabout Project; ROW purchased in 2024, but construction got delayed to 2025 due to WSDOT.
- \$1.7M - 211th Improvements; project delayed for ROW acquisition and design phase, moved to 2025 completion date.
- \$4.6M - 169th Street Segment; Federal project delayed with WSDOT, delayed until 2025 or possibly 2026.
- \$2.7M - 180th/Smokey PT Blvd Roundabout; Federal Grant Project, WSDOT delayed, and project will need additional ROW funding, postponed until later date.
- \$2M - 173rd St Phase II; Project not funded and no future start date.

311-Park Improvement Fund:

- \$240,000 - Pickleball Court; Project still in design and needing more funding, delayed until 2025.
- \$240,000 - Jensen Park Restrooms; Delayed until 2025, waiting on design and county grant.
- \$1.2M - Smokey Point Park Phase II project; Started late 2024 and will be finished early 2025.

405-Water Improvement Fund:

- \$645,753 – Annual Water Main Replacement Project; Overlap on previous projects causing delays, moved to 2025.
- \$740,000 – Haller South Wellfield project delayed to 2025.

406-Sewer Improvement Fund:

- \$704,278 – Lift Station Improvements; Delayed to 2025 due to staffing.
- \$1.6M – Sewer Main Replacement Rehab; Delayed due to engineering staffing and project expense, looking for additional funding.

409-Storm Water CIP Fund:

- \$1.6M – Prairie Creek Culvert Bridge Project; Federal FEMA Grant and BSNF funding, delayed until 2025.
- \$225,000 – Island Crossing Compensatory Storage Project; Project has been put on hold pending further evaluation.
- \$100,000 – 211th Place Rehab Project; project delayed for ROW acquisition and design phase, moved to 2025 completion date.

410-Airport Reserve Fund:

- \$2.2M Transfer to Airport CIP fund not needed as project was delayed until 2025.

413-Airport CIP Fund:

- \$5.4M – Taxiway Alpha Project; Received FAA funding late 2024 – delayed to 2025 for asphalt and painting work for better weather.
- \$735,000 – Airport Master Plan; Started developmental stage in 2024, this will be an ongoing project estimating 18-months to complete.

Note 3 – Component Units, Joint Ventures, and Related Parties**Snohomish County 911:**

The City of Arlington and other Police and Fire entities jointly operate SNOHOMISH COUNTY 911. SNOHOMISH COUNTY 911, a cash basis, special purpose district, was created under the Interlocal Cooperation Act, as codified in RCW 39.34. This established the statutory authority necessary for Snohomish County, the cities, towns, fire districts, police districts and other service districts to enter into a contract and agreement to jointly establish, maintain and operate a support communications center. Control of SNOHOMISH COUNTY 911 is with a 16-member Board of Directors which is specified in the Interlocal Agreement. SNOHOMISH COUNTY 911 takes 911 calls and performs emergency dispatch services for local governmental agencies including police, fire and medical aid.

In the event of the dissolution of SNOHOMISH COUNTY 911, any money in the possession of SNOHOMISH COUNTY 911 or the Board of Directors after payment of all costs, expenses and charges validly incurred under this Agreement shall be returned to the parties of this Agreement and shall be apportioned between Principals based on the ratio that the average of each Principals' contributions to the operating budget over the preceding five (5) years bears to the total of all then remaining Principals' User Fees paid during such five-year period. Before deducting the payment of all costs, expenses and charges validly incurred, the City of Arlington's share was \$388,024 on December 31, 2024.

Snohomish County 911's 2024 operating budget was \$31,651,474, operating revenues received were \$32,233,041 and total operating expenditures were \$30,742,863. Complete financial statements for SNOHOMISH COUNTY 911 can be obtained from SNOHOMISH COUNTY 911's administrative office at 1121 SE Everett Mall Way, Suite 200, Everett, WA 98208.

AHA – Alliance for Housing Affordability

In September 2013, the City of Arlington joined the cities of Edmonds, Everett, Granite Falls, Lake Stevens, Lynnwood, Marysville, Mill Creek, Mountlake Terrace, Mukilteo, and Snohomish, the Town of Woodway, and Snohomish County to establish the Alliance for Housing Affordability (AHA). The agreement was amended in May 2014 to add the City of Arlington, in June 2014 to add the City of Stanwood, and in October 2024 to add the City of Monroe and the Town of Darrington.

The purpose of AHA is to formulate affordable housing goals and policies cooperatively and to foster efforts to provide affordable housing by providing expertise and information to member jurisdictions. Operating funding is provided by the member cities.

AHA is governed by a Joint Board composed of an elected official from each member. The Joint Board is responsible for review and approval of all budgetary, financial, policy, and contractual matters. The Board is assisted by an administrative staff housed at the Housing Authority for Snohomish County (HASCO). Fiscal agent duties were transferred to HASCO during fiscal year 2018. The values included in the table below were audited and updated by the new fiscal agent and may be different than what was reported in prior years.

Each member city is responsible for contributing operating revenues as determined from the AHA annual budget. Contributions from the member cities are based on each member's population. A grant from the Gates Foundation provided \$50,000 to assist with the first few years of organizational start-up. The Housing Authority of Snohomish's equity share to date is:

Fiscal Year 7/1/XX – 6/30/XX	AHA's Total Fiscal Year Budget	City of Arlington's Share of Budget	City of Arlington Share as % of Total AHA Budget
2018	\$102,586	\$2,001	1.95%
2019	\$107,391	\$2,124	1.98%
2020	\$112,408	\$2,242	1.99%
2021	\$117,673	\$2,252	1.91%
2022	\$118,200	\$2,233	1.89%
2023	\$135,522	\$2,284	1.69%
2024	\$157,674	\$2,775	1.76%
2025	\$165,370	\$3,337	2.02%

Members withdrawing from the agreement relinquish all rights to any reserve funds, equipment, or material purchased. Upon dissolution, the agreement provides for the distribution of net assets among the members based on the percentage of the total annual contributions during the Agreement period paid by each member.

Budget monitoring information can be obtained from Chris Collier, Program Manager, Alliance for Housing Affordability, 12711 4th Ave W, Everett, WA 98204.

Note 4 -Deposits and Investments

Investments are reported at face value. Deposits and investments by type on December 31, 2024, are as follows:

Type of Investments	City's own Investment	Deposits & Investments held as custodian	Balance
Bank Deposits	777,630	47,043	824,673
LGIP	4,770,656		4,770,656
Banner Reserve	1,158,085		1,158,085
U.S. Government Securities	1,892,354		1,892,354
Municipal Securities	53,313,448		53,313,448
Total Investments	61,912,172	47,043	61,959,215

All investments are insured, registered, or held by the City of Arlington or its agent in the government's name. As of 12/31/24, bank deposits include petty cash fund and departments cash drawers for daily cash transactions.

It is the City of Arlington's policy to invest all temporary cash surpluses. The interest on these investments is recorded when received and prorated to the various funds.

Investments in the State Local Government Investment Pool (LGIP)

The City of Arlington 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 of Arlington or its agent in the government's name.

Note 5 – Leases (Lessees)

City of Arlington's schedule in 2024:

Office Equipment Leases:

- Nine copiers from Canon Financial Services under 60-month lease agreements, the leases have different payment amounts depending upon departmental needs.
- One Copier/Plotting Machine from Macquarie Equipment Capital Inc., under a 60-month lease to own.
- Two Water Filtration - from Quench
- One Postage Machine – Pitney Bowes.

Leased Vehicles – Enterprise Fleet Management.

- Leases for departments range from 36–60 months.

	2025	2026	2027	2028	2029-3033
Copiers	21,583	14,716	9,898	7,087	2,141
Office Equipment	5,307	5,307	3,987	3,987	-
	26,890	20,023	13,885	11,074	2,141
Leased Vehicles	134,092	200,898	104,689	148,576	13,724
Leases SBITA's	-	-	-	-	-
	134,092	200,898	104,689	148,576	13,724
Totals	160,982	220,921	118,574	159,650	15,865

The city has no SBITA's to report in 2024.

Note 6 – Long Term Liabilities:

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the City of Arlington and summarizes the Cities debt transactions for year ended December 31, 2024.

2024 - Annual Report	G.O Debt Principal	G.O. Debt Interest	Other Debt Principal	Other Debt Interest
2025	1,101,209	525,038	1,828,961	184,640
2026	1,176,665	451,129	1,854,040	154,683
2027	1,232,463	403,631	1,486,310	123,988
2028	1,058,615	353,779	1,460,254	94,503
2029	970,818	310,711	958,198	64,500
2030-2034	5,115,779	961,913	1,490,353	43,692
2035-2039	2,605,865	214,048		
Totals	13,261,413	3,220,249	9,078,116	666,006

Debt Refunding:

In 2024 the City issued a total of \$4,885,000 of LTGO debt to retire \$5,825,000 of existing LTGO series bond to refi the police station bond debt. This refunding reduced the total debt service payments over the next 10- years by \$269,906.

Interfund Loans:

2024 Interfund Loans					
Borrowing Fund	Lending Fund	Loan Balance 01/01/2024	New Loans	Repayments	Principal Balance 12/31/2024
(001) General Fund	(402) Airport	\$ 1,442,636	\$ -	\$ 63,449	\$ 1,379,187

Compensated Absences:

2024 Compensated Absences				
During the year ending December 31, 2024 the following change occurred in Compensated absences:				
	Beginning Balance 01/01/2024	Additions	Reductions	Ending Balance 12/31/2024
2024 Compensated Absences	\$ 992,117	\$ 350,747	\$ -	\$ 1,342,864

**Additions and reductions are reported as a net change*

Debt Agreement Terms

The following financial instruments contain debt agreement terms with finance related consequences:

Public Works Trust Fund Loans	Any payments not received within thirty days of the due date shall be declared delinquent. Delinquent payments shall be assessed a daily penalty at 12% per annum calculated on a 360-day year delinquent amount.

Note 7 – Other Post Employment Benefit Plans (OPEB):

The city has a commitment to pay for post-employment benefits (OPEB) for employees that belong to the Law Enforcement Officers and Fire Fighters Pension (LEOFF) Plan 1 (commonly referred to LEOFF 1). These benefits, per the Revised Code of Washington Chapter 41.26.150 include the payment of medical costs and nursing care. The plan pays for 100% of eligible retirees' healthcare costs on a pay-as-you-go basis. The city's OPEB plan is a defined benefit plan, and the City of Arlington is the plan administrator.

Four LEOFF 1 retirees received benefits through December 2024. The city paid \$34,817.36 for those benefits in 2024. Payments are broken down as; \$21,544.40 in medical reimbursements and \$13,272.96 to LEOFF Health & Welfare Trust for medical premiums.

Note 8 – Pension Plans

State Sponsored Pension Plans

Substantially all city full time and qualifying part time employees participate in the Public Employees Retirement System (PERS) Plan 1, 2 or Plan 3 or the Law Enforcement Officers retirement plans, administered by the Department of Retirement Systems, under cost sharing multiple employer public employee defined benefit and defined contribution retirement plans.

The State Legislature establishes and amends laws pertaining to the creation and administration of all public retirement systems. Contributions to the system by both employees and employer are based upon gross wages covered by plan benefits.

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

Department of Retirement Systems:

Communications Unit
PO Box 48380

Olympia, WA 98504-8380

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

The 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 ACFR available from the Office of Financial Management website at www.ofm.wa.gov.

On June 30, 2024 (the measurement date of the plans), the City of Arlington proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

2024 Plan	Employer Contributions	Allocations %	Liability (Asset)
PERS 1	253,705	0.042381%	753,042
PERS 2/3	\$ 540,308	0.054894%	\$ (1,809,621)
LEOFF 1	N/A	0.012241%	\$ (348,120)
LEOFF 2	\$ 220,425	0.089968%	\$ (1,684,871)
VFFRPF		0.020000%	\$ 2,020

LEOFF Plan 1

Local Government Pension Plans

The city also participates in LEOFF Plan 1. The LEOFF Plan 1 is fully funded, and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. Starting on July 1, 2000, employers and employees contribute zero percent.

LEOFF Plan 2

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

Deferred Compensation

Beginning January 1, 2024, as per the agreement between the City of Arlington and The Arlington Police Officers Association (APOA) the City shall match up to two percent (2%) of the gross base wage (consisting of base salary and education incentives only) of each participating bargaining unit member into the Washington State Deferred Compensation Program. As of December 31, 2024, the city paid a total of \$46,156.98 in deferred compensation for 25 participating members

Beginning January 1, 2024, Non-representative employees received 2% of gross wages contribution in the Washington State Deferred Compensation Program. As of December 31, 2024, the city paid a total of \$63,962.27 in deferred compensation for 25 participating members.

Starting on January 1, 2024, AFSCME contracted employees will receive 1% percent of gross wages contribution in the Washington State Deferred Compensation Program. As of December 31, 2024, the city paid a total of \$29,258.36 in deferred compensation for 40 participating members.

Note 9 - Property Tax

The Snohomish County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed after the 10th 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 establish for next year's levy at 100 percent market value
October 31	Second installment is due

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

The City of Arlington's regular levy for the year 2024 was \$.99 per \$1,000 on an assessed valuation of \$4,944,744,596 for a total regular levy of \$4,881,584.00.

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

Note 10 -Tax Abatements

The City of Arlington offers Tax Incentives as authorized by RCW 84.25. The city passed ordinance number 2016.008, to encourage new manufacturing and industrial uses on undeveloped or underutilized lands zoned for industrial and manufacturing within the city limits through tax incentives, thereby increasing the employment opportunities for family living wage jobs.

- (a) The governments entered into this agreement – City of Arlington, Snohomish County.
- (b) The certification of tax exemption is specific for property taxes and valid for ten successive years beginning January 1st of the year immediately following the calendar year of issuance of the certificate.
- (c) Exemption is from 2023-2033.
- (d) 2024 Exemption is \$11,678.88
- (e) Commitments of tax abatement recipient – 1) new construction of industrial/manufacturing facilities shall be located on land zoned for industrial and manufacturing uses 2) the new construction shall meet all construction and development regulations of the city 3) the new construction shall be completed within three years from the date of approval of the application and 4) the tax abatement recipient must at a minimum have 25 new family living wage jobs as a result of the new construction.
- (f) Recapture provisions – If the property no longer meets qualifying criteria, the tax exemption will be cancelled and the tax shall be imposed if the exemption had not been made available plus a penalty

equal to twenty percent of the value, plus interest from the dates on which the tax could have been paid without penalty.

Note 11 – Risk Management – WCIA

City of Arlington is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. As of December 31, 2024, WCIA had a total of 168 members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, errors or omissions, stop gap, employment practices, prior wrongful acts, and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$16 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$20 million per occurrence subject to aggregates and sublimits. The Board of Directors determines the limits and terms of coverage annually.

All Members are provided a separate cyber risk policy and premises pollution liability coverage group purchased by WCIA. The cyber risk policy provides coverage and separate limits for security & privacy, event management, and cyber extortion, with limits up to \$1 million and subject to member deductibles, sublimits, and a \$5 million pool aggregate. Premises pollution liability provides Members with a \$2 million incident limit and \$10 million pool aggregate subject to a \$100,000 per incident Member deductible.

Insurance for property, automobile physical damage, fidelity, inland marine, and equipment breakdown coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$1,000,000, for all perils other than flood and earthquake, and insured above that to \$400 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

In-house services include risk management consultation, loss control field services, and claims and litigation administration. WCIA contracts for certain claims investigations, consultants for personnel and land use issues, insurance brokerage, actuarial, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, reinsurance and other administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general

policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day-to-day operations of WCIA.

Note 12 – Health & Welfare AWC

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

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

As of December 31, 2024, 268 cities/towns/non-city entities participate and have enrollment in the AWC Trust HCP.

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

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

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

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2024, the AWC Trust HCP purchased medical stop loss insurance for Regence/Asuris and Kaiser plans at an Individual Stop Loss (ISL) of \$2 million through United States Fire Insurance Company. The aggregate policy is for 200% of expected medical claims.

Participating employers contract to remain in the AWC Trust HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only

occur on December 31. Participating employers terminating a group or line of coverage must notify the AWC Trust HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the AWC Trust HCP. Similarly, the terminating member forfeits all rights and interest to the AWC Trust HCP Account.

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

The accounting records of the AWC Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The AWC Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board ("GASB"). In 2018, the retiree medical plan subsidy was eliminated, and is noted as such in the report for the fiscal year ending December 31, 2018. Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor's office.

Note 13 – Accounting Changes and Error Corrections

During fiscal year 2024 the City of Arlington implemented GASB 101 – Compensated Absences as required by accounting standards and the BARS manual. The effect of that accounting standard is shown on schedule 9.

Note 14 – Other Disclosures

Construction Commitments:

The city has active construction projects as of December 31, 2024. At year-end the City's commitments are as follows:

Public Works/Transportation/Airport Projects Under Construction at 2024 End of Year.				
Project	Contractor	Spent as of 2024	2024 Remaining Commitment	Notes
2023 Utility & Pavement Preservation	Reece Construction	\$ 2,660,940	\$ 134,186	Retainage only - waiting release from DOR.
204th / 74th Intersection	Reece Construction	\$ 1,065,436	\$ 156,499	Completion date 03/2025, plus retainage.
Skycorp	WTP Demolition	\$ 36,880	\$ 6,150	Retainage only - waiting release from DOR.
Copper Mechanical	MBR Air Piping Modifications	\$ -	\$ 103,835	Contracted and started work 2024, no payment until 2025.
211th Pl Corridor Improvements	Reece Construction	\$ 334,346	\$ 3,099,999	Project bid late 2024 - completed in 2025.

Fund Closures:

In June 2021 the city received American Rescue Federal grant. As of 12/31/2024 the city has disbursed all allocations and the fund is closed.

City of Arlington
Schedule of Liabilities
For the Year Ended December 31, 2024

ID. No.	Debt ID Title	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities							
251.11	Non-voted General obligation bonds	2020-LTGO - N Olympic Ave (Refi)	12/1/2027	810,000	-	190,000	620,000
251.11	Non-voted General obligation bonds	2014 LTGO-Refunding 2004/Police Station	10/31/2024	5,825,000	-	5,825,000	-
251.11	Non-voted General obligation bonds	2024 LTGO Refunding Police Station	12/1/2034	-	4,885,000	-	4,885,000
251.11	Non-voted General obligation bonds	2014 LTGO-Refunding 2009/Airport Expansion	12/1/2024	25,000	-	25,000	-
251.11	Non-voted General obligation bonds	2020 LTGO - Refunding Fire Station 46	12/1/2030	480,000	-	60,000	420,000
251.11	Non-voted General obligation bonds	Graafstra Note- (Refi)	12/1/2039	2,700,000	-	125,000	2,575,000
251.11	Non-voted General obligation bonds	2020 LTGO Fire Station #48	12/1/2039	4,532,758	-	236,671	4,296,087
251.11	Non-voted General obligation bonds	2023 LTGO - Police Cars	1/1/2028	569,738	-	104,412	465,326
Total General Obligation Debt/Liabilities:				14,942,496	4,885,000	6,566,083	13,261,413
Revenue and Other (non G.O.) Debt/Liabilities							
259.12	Compensated Absences	Compensated Absences		992,117	350,747	-	1,342,864
263.82	Loans and other obligations to the federal government or other out-of-state governments	2006 PW Loan WWTP - PW-06-962-002	6/1/2026	1,180,639	-	393,547	787,092
263.82	Loans and other obligations to the federal government or other out-of-state governments	2007 PW Loan WWTP - PR07-951-001	6/1/2027	210,526	-	52,632	157,894
263.82	Loans and other obligations to the federal government or other out-of-state governments	2008 PW Loan WWTP - PC08-951-001	6/1/2028	2,647,058	-	529,412	2,117,646

City of Arlington
Schedule of Liabilities
For the Year Ended December 31, 2024

ID. No.	Debt ID Title	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
263.82	Loans and other obligations to the federal government or other out-of-state governments	Recovery Act Loan-DOE Loan L1000024	5/31/2031	2,604,796	-	315,494	2,289,302
263.82	Loans and other obligations to the federal government or other out-of-state governments	Base Revolving Fund Loan-DOE Loan L1000025	5/31/2031	4,239,695	-	513,514	3,726,181
263.52	Installment Purchases	Leased Vehicles		679,762	54,233	132,015	601,980
263.52	Installment Purchases	Office Equipment		42,497	59,297	27,781	74,013
263.57	Leases, SBITA, and PPPs	Police Impound Building	12/31/2024	16,848	-	16,848	-
264.30	Pension Liabilities	Pension Liability		1,008,922	-	255,880	753,042
264.40	OPEB Liabilities	OPEB Liabilities		1,918,196	135,545	-	2,053,741
Total Revenue and Other (non G.O.) Debt/Liabilities:				15,541,056	599,822	2,237,123	13,903,755
Total Liabilities:				30,483,552	5,484,822	8,803,206	27,165,168

City of Arlington
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	National Institute of Justice Research, Evaluation, and Development Project Grants	16.560		-	8,769	8,769	-	3
FEDERAL AVIATION ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs	20.106		-	23,849	23,849	-	
FEDERAL AVIATION ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs	20.106		-	46,295	46,295	-	
FEDERAL AVIATION ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs	20.106		-	428,379	428,379	-	
FEDERAL AVIATION ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs	20.106		-	264,717	264,717	-	
Total ALN 20.106:				-	763,240	763,240	-	

The accompanying notes are an integral part of this schedule.

City of Arlington
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA St Dept of Transportation)	Highway Planning and Construction	20.205	LA-10664	71,721	-	71,721	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA St Dept of Transportation)	Highway Planning and Construction	20.205	LA-9657	26,447	-	26,447	-	
Total ALN 20.205:				98,168	-	98,168	-	
Highway Safety Cluster								
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Traffic Safety Commission)	State and Community Highway Safety	20.600	2024-HVE-5120 -Region 10 Target Zero Task Force	30,275	-	30,275	-	
Total Highway Safety Cluster:				30,275	-	30,275	-	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027		-	2,980,960	2,980,960	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA Military Dept)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	D24-042	69,704	-	69,704	-	4

The accompanying notes are an integral part of this schedule.

City of Arlington
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA Military Dept)	State and Local Cybersecurity Grant Program Tribal Cybersecurity Grant Program	97.137	E24-150	5,711	-	5,711	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA Military Dept)	State and Local Cybersecurity Grant Program Tribal Cybersecurity Grant Program	97.137	E24-262	75,000	-	75,000	-	
Total ALN 97.137:				80,711	-	80,711	-	
Total Federal Awards Expended:				278,858	3,752,969	4,031,827	-	

The accompanying notes are an integral part of this schedule.

City of Arlington

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024

Note 1 – Basis of Accounting

This Schedule is prepared on the same basis of accounting as the City of Arlington financial statements. The City of Arlington uses Cash Basis Accounting.

Note 2 – Federal De Minimis Indirect Cost Rate

The City of Arlington has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3 – Bulletproof Vest Grant

The amount shown as current year expenditures include \$6,736.31 in prior period expenditures from 2023. The City of Arlington received approval for this funding on September 26, 2024 and received the funds on December 16, 2024. The City was allowed to go back and capture costs from prior periods as they related to the project listed in the funding agreement.

Note 4 – FEMA Grant – Prairie Creek Drainage Improvement

The amount shown as current year expenditures includes \$15,183.56 in prior period expenditures from 2023. The City of Arlington received approval for this funding in May 2024 when the approved project was upgraded from a culvert to a bridge. The City was allowed to go back and capture costs from prior periods as they related to the amended project agreement. These funds were received in May 2024.

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.

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