



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

City of Stevenson

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

Published December 11, 2025

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

December 11, 2025

Mayor and City Council
City of Stevenson
Stevenson, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the City of Stevenson'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 Stevenson January 1, 2024 through December 31, 2024

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of the City of Stevenson 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 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 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>
11.307	Economic Development Cluster - Economic Adjustment Assistance

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

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

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

See Finding 2024-001.

SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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

2024-001 The City did not have adequate internal controls and did not comply with federal wage rate requirements.

Assistance Listing Number and Title:	11.307 - Economic Adjustment Assistance
Federal Grantor Name:	U.S. Department of Commerce Economic Development Administration
Federal Award/Contract Number:	N/A
Pass-through Entity Name:	N/A
Pass-through Award/Contract Number:	N/A
Known Questioned Cost Amount:	\$0
Prior Year Audit Finding:	N/A

Background

The Economic Adjustment Assistance (EAA) program helps state and local governments respond to a variety of economic challenges. During fiscal year 2024, the City spent \$2,009,721 in program funds.

Federal regulations require recipients to establish, document and maintain effective internal controls that ensure compliance with program requirements. These controls include understanding program requirements and monitoring the effectiveness of established controls.

Under federal wage rate requirements, also known as the Davis-Bacon Act, contractors and subcontractors that work on projects financed with more than \$2,000 of federal funds must pay laborers and mechanics wage rates that the U.S. Department of Labor considers similar to what local workers have been paid for similar projects.

For construction contracts subject to these wage rate requirements, the City must include a provision that the contractors and subcontractors must comply with those requirements and the Department of Labor's regulations. This includes a requirement that the contractors and its subcontractors must submit certified payrolls reports to the City weekly, for each week that laborers performed contract work. These reports must include a copy of the payroll and a signed statement of compliance.

The City may use a contracted project manager to collect certified payroll reports from contractors and subcontractors, but ultimately, it is the City's responsibility to comply with these requirements and maintain documentation demonstrating compliance.

Description of Condition

During fiscal year 2024, the City spent \$2,009,721 for payments to one contractor to make improvements to the City's wastewater collection system.

Our audit found the City did not have adequate internal controls for ensuring compliance with federal wage rate requirements. Specifically, the City did not collect, or ensure the project manager collected, weekly certified payroll reports from the contractor and their subcontractors to confirm they paid laborers proper prevailing wages.

We consider this deficiency in internal controls to be a material weakness that led to material noncompliance.

Cause of Condition

The City experienced turnover in the position responsible for managing this program and City staff were unaware of federal wage rate requirements and the requirement to obtain and review certified payroll reports each week before payment.

Effect of Condition

Without adequate internal controls to ensure it collects all weekly certified payroll reports, the City cannot demonstrate it complied with federal wage rate requirements. The City could also be liable for paying any additional wages if the contractor and subcontractors did not pay prevailing wage rates to laborers working on the contract.

The City did not collect 147 out of a total of 174 weekly certified payroll reports within the audit period.

Recommendation

We recommend the City strengthen internal controls to ensure compliance with federal wage rate requirements. This should include obtaining the federal certified payroll reports, as well as implementing effective monitoring processes to collect and review all weekly certified payroll reports from contractors and subcontractors. Additionally, we recommend the City provide additional training to ensure staff overseeing compliance with federal programs are aware of all applicable requirements.

City's Response

The City will strengthen oversight of federally funded projects by enhancing internal review and documentation processes.

- 1. A project compliance tracking form will be created and used for each project to document required wage rate verifications, funding sources, reporting deadlines, and accounting setup. This form will be reviewed and updated annually to ensure compliance with current federal requirements.*
- 2. The City will also create a reimbursement tracking system to monitor project reimbursements and ensure consistency with the SEFA.*
- 3. Staff responsible for project and grant administration will attend training opportunities related to federal compliance and wage rate requirements to ensure continued understanding and adherence.*

Auditor's Remarks

We appreciate the City's response and commitment to resolving this finding. We thank it for its cooperation and assistance during the audit. We will review the corrective action taken during our next regular audit.

Applicable Laws and Regulations

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), section 516, Audit findings, establishes reporting requirements for audit findings.

Title 2 CFR Part 200, Uniform Guidance, section 303, Internal controls, describes the requirements for auditees to maintain internal controls over federal programs and comply with federal program requirements.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 935, Compliance Audits, paragraph 11.

Title 29 CFR, Section 3.3 – Weekly statement with respect to payment of wages, and Section 3.4 – Submission of weekly statements and the preservation and inspection of weekly payroll records, establishes requirements for contractor or subcontractor submission of weekly certified payroll reports.

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 Stevenson January 1, 2024 through December 31, 2024

Mayor and City Council
City of Stevenson
Stevenson, 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 Stevenson, 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 November 21, 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 that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

November 21, 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 Stevenson
January 1, 2024 through December 31, 2024

Mayor and City Council
City of Stevenson
Stevenson, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the compliance of the City of Stevenson, 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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2024-001. Our opinion on each major federal program is not modified with respect to these matters.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Federal Award Findings and Questioned Costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2024-001, that we consider to be a material weakness.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Federal Award Findings and Questioned Costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

November 21, 2025

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

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

Mayor and City Council
City of Stevenson
Stevenson, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of the City of Stevenson, 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 Stevenson, 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 Stevenson, 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.

Matter of Emphasis

As discussed in Note 5 to the financial statements, in 2024, the City adopted new accounting guidance for 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 November 21, 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

November 21, 2025

FINANCIAL SECTION

City of Stevenson 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 the Financial Statements – 2024

SUPPLEMENTARY AND OTHER INFORMATION

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

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

		Total for All Funds (Memo Only)	001 General Expense Fund	100 Street Fund	103 Tourism Promo & Develop Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	7,180,933	4,127,311	81,568	1,384,100
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	2,352,951	1,089,398	491,291	723,270
320	Licenses and Permits	48,132	43,457	2,893	-
330	Intergovernmental Revenues	3,088,546	126,414	182,162	-
340	Charges for Goods and Services	3,054,808	348,302	-	-
350	Fines and Penalties	11,088	9,238	-	-
360	Miscellaneous Revenues	346,708	129,802	1,701	48,447
Total Revenues:		8,902,233	1,746,611	678,047	771,717
Expenditures					
510	General Government	576,208	576,208	-	-
520	Public Safety	449,595	449,595	-	-
530	Utilities	1,985,955	-	-	-
540	Transportation	959,074	-	768,534	-
550	Natural/Economic Environment	195,040	195,040	-	-
560	Social Services	20,452	20,216	236	-
570	Culture and Recreation	512,856	29,410	-	479,587
Total Expenditures:		4,699,180	1,270,469	768,770	479,587
Excess (Deficiency) Revenues over Expenditures:		4,203,053	476,142	(90,723)	292,130
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	2,317,321	-	-	-
397	Transfers-In	583,557	-	50,000	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	29,496	5,074	8,872	-
Total Other Increases in Fund Resources:		2,930,374	5,074	58,872	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	6,797,566	60	45,894	33,602
591-593, 599	Debt Service	177,699	-	-	-
597	Transfers-Out	583,557	348,313	-	201,163
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	(1,440)	(1,440)	-	-
Total Other Decreases in Fund Resources:		7,557,382	346,933	45,894	234,765
Increase (Decrease) in Cash and Investments:		(423,955)	134,283	(77,745)	57,365
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	1,971,344	51,135	-	1,441,465
50841	Committed	10,437	-	-	-
50851	Assigned	3,414,729	2,377,936	3,823	-
50891	Unassigned	1,360,465	1,832,520	-	-
Total Ending Cash and Investments		6,756,975	4,261,591	3,823	1,441,465

The accompanying notes are an integral part of this statement.

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

		105 Affordable Housing Fund	107 HEALing SCARS Fund	300 Capital Improvement Fund	311 First Street
Beginning Cash and Investments					
308	Beginning Cash and Investments	17,456	10,246	265,031	-
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	4,445	-	44,547	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	585,384
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	350	190	10,910	-
Total Revenues:		4,795	190	55,457	585,384
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:		4,795	190	55,457	585,384
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	32,687
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	32,687
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	1,003,376
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	34,081	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	-	34,081	1,003,376
Increase (Decrease) in Cash and Investments:		4,795	190	21,376	(385,305)
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	22,251	-	286,407	-
50841	Committed	-	10,437	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	(385,305)
Total Ending Cash and Investments		22,251	10,437	286,407	(385,305)

The accompanying notes are an integral part of this statement.

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

		312 Columbia Ave	313 Park Plaza Fund	314 Lasher Street Improv. Fund	400 Water/Sewer Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	(19,620)	(82,612)	-	1,313,281
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	1,782
330	Intergovernmental Revenues	19,620	-	-	2,174,966
340	Charges for Goods and Services	-	-	-	2,451,035
350	Fines and Penalties	-	-	-	1,850
360	Miscellaneous Revenues	-	-	-	153,670
Total Revenues:		19,620	-	-	4,783,303
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	1,985,955
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	3,859	-	-
Total Expenditures:		-	3,859	-	1,985,955
Excess (Deficiency) Revenues over Expenditures:		19,620	(3,859)	-	2,797,348
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	1,817,321
397	Transfers-In	-	201,163	1,394	298,313
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	201,163	1,394	2,115,634
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	114,692	39,144	5,008,682
591-593, 599	Debt Service	-	-	-	165,845
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	114,692	39,144	5,174,527
Increase (Decrease) in Cash and Investments:		19,620	82,612	(37,750)	(261,545)
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	170,086
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	930,649
50891	Unassigned	-	-	(37,750)	(49,000)
Total Ending Cash and Investments		-	-	(37,750)	1,051,735

The accompanying notes are an integral part of this statement.

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

		500 Equipment Service Fund
		<hr/>
Beginning Cash and Investments		
308	Beginning Cash and Investments	84,172
388 / 588	Net Adjustments	-
Revenues		
310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	-
340	Charges for Goods and Services	255,471
350	Fines and Penalties	-
360	Miscellaneous Revenues	1,638
Total Revenues:		<hr/> 257,109
Expenditures		
510	General Government	-
520	Public Safety	-
530	Utilities	-
540	Transportation	190,540
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		<hr/> 190,540
Excess (Deficiency) Revenues over Expenditures:		<hr/> 66,569
Other Increases in Fund Resources		
391-393, 596	Debt Proceeds	500,000
397	Transfers-In	-
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	15,550
Total Other Increases in Fund Resources:		<hr/> 515,550
Other Decreases in Fund Resources		
594-595	Capital Expenditures	552,116
591-593, 599	Debt Service	11,854
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	-
Total Other Decreases in Fund Resources:		<hr/> 563,970
Increase (Decrease) in Cash and Investments:		<hr/> 18,149
Ending Cash and Investments		
50821	Nonspendable	-
50831	Restricted	-
50841	Committed	-
50851	Assigned	102,321
50891	Unassigned	-
Total Ending Cash and Investments		<hr/> 102,321

The accompanying notes are an integral part of this statement.

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

		<u>Custodial</u>
308	Beginning Cash and Investments	-
388 & 588	Net Adjustments	-
310-390	Additions	5,211
510-590	Deductions	5,211
	Net Increase (Decrease) in Cash and Investments:	-
508	Ending Cash and Investments	-

The accompanying notes are an integral part of this statement.

City of Stevenson
Notes to the Financial Statements
For the year ended December 31, 2024

Note 1 - Summary of Significant Accounting Policies

The City of Stevenson was incorporated on December 2, 1907 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 local government and provides public safety, fire prevention, street maintenance, planning, parks maintenance, water and sewer, municipal court, health and social services and general administrative services.

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

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

A. Fund Accounting

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

GOVERNMENTAL FUND TYPES:

General Fund

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

Special Revenue Funds

These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the government. The City uses four Special Revenue Funds: A Street Fund, a Tourism Promotion Fund (Lodging tax fund), an Affordable Housing Fund, and a HEALing SCARS Fund.

Capital Projects Funds

These funds account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets. The City uses one primary Capital Projects Fund with separate capital projects funds for each major project.

PROPRIETARY FUND TYPES:

Enterprise Funds

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges. The City uses one Enterprise Fund, the combined Water/Sewer 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. The City uses one Internal Service Fund, the Equipment Service Fund.

FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the government in a trustee capacity or as a custodian on behalf of others.

Custodial Funds

These funds are used to account assets that the government holds on behalf of others in a custodial capacity. The City uses one Custodial Fund for Municipal Court Activities which are passed through to the state or other agencies.

B. Basis of Accounting and Measurement Focus

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

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

C. Cash and Investments

It is the city's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds. For further information see Note 3 - *Deposits and Investments*.

D. Capital Assets

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

E. Compensated Absences

Vacation leave may be accumulated up to 30 days and is payable upon separation or retirement. Sick leave may be accumulated up to 1,440 hours. Upon separation after 25 years or retirement employees do receive payment for unused sick leave at the rate of 25% of the total remaining balance. Payments are recognized as expenditures when paid.

F. Liabilities

See Note 6 – *Long Term Liabilities*.

G. Subscription Based Information Technology Arrangements

(SBITA) For more information see Note 10 - SBITA.

H. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by City Council. When expenditures that meet restrictions are incurred, the City intends to use the most restricted resources first.

Restrictions and commitments of Ending Cash and Investments consist of:

- General Fund – The primary source of revenue is America Rescue Plan Act (ARPA) funds, reserved in accordance with the Act, followed by unclaimed property, which is reserved in accordance with RCW 63.29 and a private pass-through grant for the Park Plaza Project. The balance of restricted funds for this Fund is \$51,135.
- Tourism Promotion Fund – The primary source of revenue is lodging tax receipts, which are reserved for tourism promotion activities per state law (RCW 67.28.1816) The balance of restricted funds for this Fund is \$1,441,465.
- Affordable Housing Fund – The primary source of revenue is the sales tax credit authorized in 2019 by SHB 1406, which is reserved for affordable housing activities per state law (RCW 82.14.540) The balance of restricted funds for this Fund is \$22,251.
- Capital Improvement Fund – The primary source of revenue is the Real Estate Excise Tax (REET), which is reserved for certain types of capital improvements per state law (RCW 82.46.010) The balance of restricted funds for this Fund is \$286,407.
- HEALing SCARS Fund – The primary sources of revenue for this fund are environmental mitigation donations, which were authorized in the 2022 budget in anticipation of the commitment established by Stevenson Resolution 2023-402 adopted on January 19th, 2023. The balance of committed funds for this Fund is \$10,437.
- Water/Sewer Fund – Balances required as part of USDA loans the City has incurred. The balance of restricted funds for this Fund is \$170,086.

Note 2 - Budget Compliance

The City adopts annual appropriated budgets for 20 funds, for a total of 10 funds when rolled up. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

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

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

Fund	Final Appropriated Amounts	Actual Expenditures	Variance
001 - General Expense Fund			
General Expense Fund	1,624,593	1,319,093	305,500
ARPA	298,313	298,313	0
Total 001 - General Expense Fund	1,922,906	1,617,406	305,500
100 - Street Fund	832,691	814,664	18,027
103-Tourism Promo& Develop Fund	819,805	714,352	105,453
300 - Capital Improvement Fund	36,221	34,081	2,140
311 - First Street	1,049,221	1,003,376	45,845
312 - Columbia Ave	0	0	0
313 – Park Plaza Fund	382,252	118,551	263,701

314 – Lasher St. Improv. Fund	355,000	39,144	315,856
400 - Water/Sewer Fund			
Water/Sewer Fund	2,684,818	2,177,399	507,419
Wastewater System Upgrades	5,510,803	4,905,438	605,365
Cascade Ave Utility Improv.	168,233	77,647	90,586
Total 400 - Water/Sewer Fund	8,363,854	7,160,485	1,203,369
500 - Equipment Service Fund	790,129	754,509	35,619

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

For reporting purposes, the ARPA fund was rolled into the General Expense Fund, the Water System Upgrades Fund and the Cascade Avenue Utility Improvements Fund were rolled into the Water/Sewer Fund.

Interfund activity between managerial funds for transactions such as transfers and loans has been eliminated in the consolidation of the financials.

Note 3 – Deposits and Investments

Investments are reported at original cost. Deposits and investments by type at December 31, 2024 are as follows:

Type of deposit or investment	City's own deposits and investments	Total
Bank deposits	\$1,284,078	\$1,284,078
Local Government Investment Pool	2,814,761	2,814,761
U.S. Government securities	2,658,136	2,658,136
Total	\$6,756,975	\$6,756,975

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

Investments in the State Local Government Investment Pool (LGIP)

The City is a voluntary participant in the Local Government Investment Pool, an external investment pool operated by the Washington State Treasurer. The pool is not rated and not registered with the SEC. Rather, oversight is provided by the State Finance Committee in accordance with Chapter 43.250 RCW. Investments in the LGIP are reported at amortized cost, which is the same as the value of the pool per share. The LGIP does not impose any restrictions on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone financial report for the pool. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at www.tre.wa.gov.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the city would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The city's deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

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

Note 4 – Environmental and Certain Asset Retirement Liabilities

The City owns 1 well located on city owned property. The life of the well is perpetual due to its use as an emergency water source on an intermittent basis. There are currently no decommissioning requirements.

Note 5 - Accounting Changes and Error Corrections

During fiscal year 2024, the City implemented Compensated Absences reporting as required by the BARS Manual. The effect of that accounting standard is shown within the Schedule of Liabilities.

Note 6 – Long-Term Liabilities *(formerly Long-Term Debt)*

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the city and summarizes the city's debt transactions for year ended December 31, 2024.

The debt service requirements for revenue bonds, public works and private loans are as follows:

Year	Principal	Interest	Total
2025	155,852	39,303	195,155
2026	159,293	35,283	194,576
2027	140,397	31,107	171,504
2028	144,933	26,892	171,826
2029	128,386	22,555	150,941
2030 – 2034	539,968	58,604	598,572
2035 - 2039	225,541	11,178	236,718
2040 - 2044	96,718	1,220	97,938
Total	1,591,088	\$226,142	\$1,817,230

The city also has a loan for the construction of Wastewater System Upgrades through the Washington State Department of Ecology it will be drawing on through 2025. The total loan of \$10,301,371 contains

\$931,946 of forgivable principal. Through 2024, the city has drawn \$9,798,698 against the loan. The term of the loan is 30 years at 1.5% interest.

The debt service requirements for this loan at this time are as follows:

Year	Principal	Interest	Total
2025	0	0	0
2026	260,804	116,805	377,608
2027	264,730	113,664	378,394
2028	268,716	110,475	379,191
2029	272,762	107,238	380,000
2030 – 2034	1,426,662	485,909	1,912,571
2035 - 2039	1,537,347	397,362	1,934,708
2040 - 2044	1,656,618	301,945	1,958,562
2045 - 2049	1,785,142	199,125	1,984,267
2050 - 2054	1,923,638	88,328	2,011,967
2055 - 2059	402,278	3,625	405,903
Total	\$9,798,698	\$1,924,475	\$11,723,173

The city has also secured a loan through USDA Rural Development it will be drawing on through 2025. The loan is in the amount of \$873,000 towards wastewater collection system improvements. As of 2024, the city has drawn \$697,551 against the loan. The term of the loan is 40 years at 1.375% interest. This project is expected to be completed in 2025.

The debt service requirements for this loan at this time are as follows:

Year	Principal	Interest	Total
2025	0	0	0
2026	13,229	9,581	22,810
2027	13,412	9,398	22,810
2028	13,598	9,212	22,810
2029	13,786	9,024	22,810
2030 – 2034	71,847	42,201	114,048
2035 - 2039	76,961	37,086	114,048
2040 - 2044	82,440	31,608	114,048
2045 - 2049	88,308	25,740	114,048
2050 - 2054	94,594	19,454	114,048
2055 - 2059	101,327	12,720	114,048
2060 - 2064	108,540	5,508	114,048
2065 - 2069	19,510	191	19,702
Total	\$697,551	\$211,722	\$909,273

The city has also secured a loan for the construction of Water and Sewer Utility Improvements along Cascade Ave through the Washington State Public Works Board it began drawing on in 2024. The city

drew \$26,513 through 2024. The total loan of \$1,902,300 will have an interest rate of 1.38% and a loan term of 20 years. This project is expected to be completed in 2025.

The debt service requirements for this loan at this time are as follows:

Year	Principal	Interest	Total
2025	0	0	0
2026	1,128	315	1,443
2027	1,145	301	1,446
2028	1,162	287	1,450
2029	1,180	273	1,453
2030 – 2034	6,171	1,150	7,320
2035 - 2039	6,649	767	7,416
2040 - 2044	7,165	354	7,519
2045 - 2049	1,912	18	1,931
Total	\$26,513	\$3,465	\$29,978

Assets Pledged as Collateral for Debt

The following debt is secured by assets that are pledged as collateral:

Debt	Asset
2020 Opus Loan	City Water Meters

Compensated Absences

During the year ended December 31, 2024, the following changes occurred in compensated absences:

	Beginning Balance 1/1/2024	Additions	Reductions	Ending Balance 12/31/2024
Compensated Absences*	52,856	47,535	0	100,392
*Additions and reductions are reported as a net change				

Note 7 – Pension Plans

A. State Sponsored Pension Plans

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

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

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

At June 30, 2024 (the measurement date of the plans), the City's proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

Plan	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$24,050	0.004018%	\$71,393
PERS 2/3	\$55,286	0.005617%	(\$185,169)
VFFRPF	\$ 360	0.21%	(\$24,235)

Only the net pension liabilities are reported on the Schedule of Liabilities.

Note 8 - Property Tax

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

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

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

The City's regular levy for the year 2024 was \$1.46490227 per \$1,000 on an assessed valuation of \$384,371,428 for a total regular levy of \$563,067.

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

Note 9 – Risk Management

The City of Stevenson 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 10 – Subscription Based Information Technology Arrangements (SBITA)

During the year ended 12/31/23, the City of Stevenson adopted guidance for the presentation and disclosure of Subscription Based Technology Arrangements (SBITA), as required by the BARS manual. This requirement resulted in a thorough review of all IT related contracts to determine if any were required to be reported as per the BARS manual. Continued review determined there were no new or existing IT contracts during 2024 meeting the requirements of being reported in this report.

City of Stevenson
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							
263.96	LOCAL Program	LOCAL equipment purchase.	12/31/2035	-	458,873	-	458,873
Total General Obligation Debt/Liabilities:				-	458,873	-	458,873
Revenue and Other (non G.O.) Debt/Liabilities							
263.88	Public Works Trust Fund (PWTF) Loans	PWTF loan, water system upgrade.	6/1/2026	69,820	-	23,273	46,547
252.11	Non-voted Revenue bonds	USDA RD loan, sewer outfall.	12/20/2033	246,107	-	25,907	220,200
263.84	Loans and other obligations to Washington state agencies (Except LOCAL and PWTF loans)	DOE SRF loan, design.	12/30/2041	745,815	-	34,774	711,041
252.11	Non-voted Revenue bonds	SMART Water lease.	4/1/2030	185,565	-	31,138	154,427
263.84	Loans and other obligations to Washington state agencies (Except LOCAL and PWTF loans)	DOE WWTP SRF loan.	12/31/2056	8,451,761	1,346,937	-	9,798,698
263.62	Notes Payable (promissory notes, BANs, TANs, GANs, etc.)	USDA RD loan, collection systems improvement	12/31/2066	253,680	443,871	-	697,551
263.88	Public Works Trust Fund (PWTF) Loans	PWTF Cascade Ave	12/31/2056	-	26,513	-	26,513
264.30	Pension Liabilities	State Retirement System		124,181	-	52,788	71,393
259.12	Compensated Absences	Compensated Absences		52,856	47,535	-	100,391
Total Revenue and Other (non G.O.) Debt/Liabilities:				10,129,785	1,864,856	167,880	11,826,761
Total Liabilities:				10,129,785	2,323,729	167,880	12,285,634

City of Stevenson
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		
RURAL UTILITIES SERVICE; AGRICULTURE, DEPARTMENT OF	Water and Waste Disposal Systems for Rural Communities	10.760		-	443,871	443,871	-	1,2,3,4
Economic Development Cluster								
ECONOMIC DEVELOPMENT ADMINISTRATION, COMMERCE, DEPARTMENT OF	Economic Adjustment Assistance	11.307		-	2,009,721	2,009,721	-	1,2,4
Total Economic Development Cluster:				-	2,009,721	2,009,721	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	TAP-30A2(001)	730,809	-	730,809	-	1,2,4
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Department of Commerce)	COVID-19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	20-96627-230	298,313	-	298,313	-	1,2,4
Total Federal Awards Expended:				1,029,122	2,453,592	3,482,714	-	

The accompanying notes are an integral part of this schedule.

City of Stevenson

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's financial statements. The City uses the cash basis of accounting as described in the Cash Basis Budgeting, Accounting and Reporting System (BARS) manual published by the State Auditor's Office.

Note 2 – Federal De Minimis Indirect Cost Rate

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

Note 3 – Federal Loans

The City was approved by the USDA Rural Utilities Service to receive a loan totaling \$873,000.00 to build a sewer treatment plant. Interim loan financing was received for the construction period. The amount listed for this loan includes the beginning of the period loan balance plus proceeds used during the year. The balance owing at the end of the period is \$697,551.00.

Both the current and prior year loans are reported on the City's Schedule of Liabilities.

Note 4 – Program Costs

The amounts shown as current year expenditures represent only the federal award portion of the program costs. Entire program costs, including the city's portion, are more than shown. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.



CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED UNDER UNIFORM GUIDANCE

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

This schedule presents the corrective action planned by the City for findings reported in this report 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).

Finding ref number: 2024-001	Finding caption: The City did not have adequate internal controls and did not comply with federal wage rate requirements.
Name, address, and telephone of City contact person: Wesley Wootten, City Administrator PO Box 371 Stevenson, WA 98648 509-427-5970	
Corrective action the auditee plans to take in response to the finding: <i>The City will strengthen oversight of federally funded projects by enhancing internal review and documentation processes.</i> <ol style="list-style-type: none"><i>A project compliance tracking form will be created and used for each project to document required wage rate verifications, funding sources, reporting deadlines, and accounting setup. This form will be reviewed and updated annually to ensure compliance with current federal requirements.</i><i>The City will also create a reimbursement tracking system to monitor project reimbursements and ensure consistency with the SEFA.</i><i>Staff responsible for project and grant administration will attend training opportunities related to federal compliance and wage rate requirements to ensure continued understanding and adherence.</i>	
Anticipated date to complete the corrective action: December 31, 2025	

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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.

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