



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

**Financial Statements Audit Report**  
**Island County Emergency Services**  
**Communications Center**  
**(I-COM)**

**For the period January 1, 2016 through December 31, 2017**

**Published November 15, 2018**

**Report No. 1022623**





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

November 15, 2018

Board of Directors

I-COM

Oak Harbor, Washington

**Report on Financial Statements**

Please find attached our report on the I-COM's financial statements.

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

Sincerely,

A handwritten signature in cursive script that reads "Pat McCarthy".

Pat McCarthy

State Auditor

Olympia, WA

## TABLE OF CONTENTS

Summary Schedule of Prior Audit Findings .....	4
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	5
Independent Auditor's Report on Financial Statements.....	8
Financial Section.....	11
About the State Auditor's Office.....	31

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS****Island County Emergency Services Communications Center (I-COM)  
January 1, 2016 through December 31, 2017**

This schedule presents the status of findings reported in prior audit periods.

<b>Audit Period:</b> January 1, 2013 through December 31, 2015	<b>Report Ref. No.:</b> 1018522	<b>Finding Ref. No.:</b> 2015-001
<b>Finding Caption:</b> The Center's internal controls over financial statement preparation are inadequate to ensure timely and accurate reporting.		
<b>Background:</b> The Center was not in compliance with the requirements for submitting annual financial statements prepared in accordance with BARS Manual and the Revised Code of Washington (RCW) for fiscal years 2013, 2014 and 2015.  The Center's control processes were not effective in ensuring financial statements were prepared and submitted in a timely manner, that completed financial statements were reviewed by an independent person to ensure accuracy, or that journal entries were reviewed by an independent person knowledgeable of financial activity.		
<b>Status of Corrective Action: (check one)</b> <input checked="checked" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid		
<b>Corrective Action Taken:</b> <i>ICOM has since prepared all Financial Statements in house-we no longer use an outside agency. Our financial statements are reviewed for accuracy by the Island County Budget Director. Journal entries affecting cash balances are approved by the Board of Directors, through a Resolution. Journal entries correcting amounts posted to the incorrect BARS account are reviewed and approved by the Director.</i>		

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

**I-COM**

**January 1, 2016 through December 31, 2017**

Board of Directors

I-COM

Oak Harbor, 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 I-COM, as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Center's financial statements, and have issued our report thereon dated November 8, 2018.

We issued an unmodified opinion on the fair presentation of the Center'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 Center using accounting practices prescribed by Washington State statutes 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.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audits of the financial statements, we considered the Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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 Center'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 in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Center's financial statements are free from material misstatement, we performed tests of the Center's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 Center'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 Center'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 8, 2018

# INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

## I-COM

**January 1, 2016 through December 31, 2017**

Board of Directors  
I-COM  
Oak Harbor, Washington

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the I-COM, for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Center's financial statements, as listed on page 11.

#### **Management's Responsibility 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 Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor 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.

#### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control



relevant to the Center's preparation and fair presentation of the financial statements 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 Center's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Unmodified Opinion on Regulatory Basis of Accounting (BARS Manual)**

As described in Note 1, the I-COM has prepared these financial statements to meet the financial reporting requirements of Washington State statutes using 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 financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the I-COM, for the years ended December 31, 2017 and 2016, on the basis of accounting described in Note 1.

### **Basis for 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. The effects on the financial statements of the variances between GAAP and the accounting practices the Center used, as described in Note 1, although not reasonably determinable, are presumed to be material. As a result, we are required to issue an adverse opinion on whether the financial statements are presented fairly, in all material respects, in accordance with GAAP.

### **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 I-COM, as of December 31, 2017 and 2016, or the changes in financial position or cash flows for the years then ended, due to the significance of the matter discussed in the above "Basis for Adverse Opinion on U.S. GAAP" paragraph.

## Other Matters

### *Supplementary and Other Information*

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

## OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2018 on our consideration of the Center's internal control over financial reporting and on our 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 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 Center's internal control over financial reporting and compliance.



Pat McCarthy

State Auditor

Olympia, WA

November 8, 2018

## **FINANCIAL SECTION**

### **I-COM**

**January 1, 2016 through December 31, 2017**

#### **FINANCIAL STATEMENTS**

Fund Resources and Uses Arising from Cash Transactions – 2017

Fund Resources and Uses Arising from Cash Transactions – 2016

Notes to Financial Statements – 2017

Notes to Financial Statements – 2016

#### **SUPPLEMENTARY AND OTHER INFORMATION**

Schedule of Liabilities – 2017

Schedule of Liabilities – 2016

**Island County Emergency Services Communications Center  
Fund Resources and Uses Arising from Cash Transactions  
For the Year Ended December 31, 2017**

**Beginning Cash and Investments**

30810	Reserved	199,536
30880	Unreserved	414,744
388 / 588	Prior Period Adjustments, Net	-

**Revenues**

310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	924,196
340	Charges for Goods and Services	1,740,319
350	Fines and Penalties	-
360	Miscellaneous Revenues	24,851
Total Revenues:		<u>2,689,366</u>

**Expenditures**

520	Public Safety	<u>2,383,114</u>
Total Expenditures:		<u>2,383,114</u>
Excess (Deficiency) Revenues over Expenditures:		<u>306,252</u>

**Other Increases in Fund Resources**

391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
386 / 389	Custodial Activities	-
381, 395, 398	Other Resources	-
Total Other Increases in Fund Resources:		<u>-</u>

**Other Decreases in Fund Resources**

594-595	Capital Expenditures	354,731
591-593, 599	Debt Service	-
597	Transfers-Out	-
585	Special or Extraordinary Items	-
586 / 589	Custodial Activities	-
Total Other Decreases in Fund Resources:		<u>354,731</u>

**Increase (Decrease) in Cash and Investments:** **(48,479)**

**Ending Cash and Investments**

5081000	Reserved	183,500
5088000	Unreserved	<u>382,300</u>
<b>Total Ending Cash and Investments</b>		<b>565,800</b>

*The accompanying notes are an integral part of this statement.*

**Island County Emergency Services Communications Center  
Fund Resources and Uses Arising from Cash Transactions  
For the Year Ended December 31, 2016**

**Beginning Cash and Investments**

30810	Reserved	99,536
30880	Unreserved	272,056
388 / 588	Prior Period Adjustments, Net	-

**Revenues**

310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	816,566
340	Charges for Goods and Services	1,726,196
350	Fines and Penalties	-
360	Miscellaneous Revenues	298,082
Total Revenues:		<u>2,840,844</u>

**Expenditures**

520	Public Safety	<u>2,240,540</u>
Total Expenditures:		<u>2,240,540</u>
Excess (Deficiency) Revenues over Expenditures:		<u>600,304</u>

**Other Increases in Fund Resources**

391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
386 / 389	Custodial Activities	-
381, 395, 398	Other Resources	-
Total Other Increases in Fund Resources:		<u>-</u>

**Other Decreases in Fund Resources**

594-595	Capital Expenditures	357,617
591-593, 599	Debt Service	-
597	Transfers-Out	-
585	Special or Extraordinary Items	-
586 / 589	Custodial Activities	-
Total Other Decreases in Fund Resources:		<u>357,617</u>

**Increase (Decrease) in Cash and Investments:** **242,687**

**Ending Cash and Investments**

5081000	Reserved	199,536
5088000	Unreserved	414,744
<b>Total Ending Cash and Investments</b>		<u><b>614,280</b></u>

*The accompanying notes are an integral part of this statement.*

**Notes to the Financial Statements**  
**For the year ended December 31, 2017**

**Note 1 - Summary of Significant Accounting Policies**

The Island County Emergency Services Communication Center was incorporated on February 16, 1993 and operates under the laws of the state of Washington applicable to a proprietary/special purpose district. The District is a special purpose local government and provides emergency communication services-911 call center.

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

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

**A. Fund Accounting**

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements. The following fund types are used:

**GOVERNMENTAL FUND TYPES:**

**General Fund**

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

**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.

**C. Budgets**

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

**Notes to the Financial Statements**  
**For the year ended December 31, 2017**

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 follows:

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund:	2,646,860	2,737,845	90,985

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 district's legislative body.

D. Cash and Investments

See Note 2, *Deposits and Investments*.

E. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000.00. Capital assets and inventory are recorded as capital expenditures when purchased.

F. Compensated Absences

Vacation leave may be accumulated indefinitely and is payable upon separation or retirement. Sick leave may be accumulated or up to 340 hours). Upon separation or retirement employees do not receive payment for unused sick leave. Payments are recognized as expenditures when paid.

G. Long-Term Debt

See Note 3, *Debt Service Requirements*.

H. Reserved Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments is reported as reserved when it is subject to restrictions on use imposed by external parties or due to internal commitments established by Legislative Board. When expenditures that meet restrictions are incurred, the District intends to use reserved resources first before using unreserved amounts.

**Notes to the Financial Statements**  
**For the year ended December 31, 2017**

Reservations of Ending Cash and Investments consist of:

Account Name	Reserved Amount
Equipment Reserve	103,500.00
DMTS Sk-ICOM Microwave Repair	40,000.00
NG911 Reserve	30,000.00
Zetron Reserve	10,000.00
TOTAL RESERVES	183,500.00

**Note 2 – Deposits and Investments**

The Center does not invest in temporary cash surpluses. All cash is held by the Island County Treasurer and is covered by the FDIC.

**Note 3 – Debt Service Requirements**

Debt Service

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the District and summarizes the District debt transactions for year ended December 31, 2017.

**Note 4 – Pension Plans**

A. State Sponsored Pension Plans

Substantially all the District'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 2 and 3.

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

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

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

Also, the DRS CAFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).



**Notes to the Financial Statements**  
**For the year ended December 31, 2017**

At June 30, 2017 (the measurement date of the plans), the district's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

Plan	Employer Contribution	Allocation %	Liability (Asset)
PERS 1 UAAL	\$60,290.00	0.0100230%	\$475,599.00
PERS 2/3	\$78,742.00	0.0128929%	\$447,935.00

**A. Local Government Pension Plans**

**ICMA-RC GOVERNMENT MONEY PURCHASE PLAN AND TRUST**

Substantially all I-COM 911 full-time and qualifying part-time employees participate in a 401(a) defined contribution qualified plan administered by ICMA-RC (International City Management Association Retirement Corporation), a non-profit financial services corporation, under a cost-sharing multiple-employer public sector employee retirement plan in lieu of Social Security and under provisions of Federal Law and IRS statutes. Actuarial information is on a system-wide basis and is not considered pertinent to I-COM 911's financial statements. Contributions to the system, by employee is mandatory and therefore factored pre-tax gross wages at a rate of 4.2% or 6.2% (employee option). Contributions to the system by employer is at 6.2% of employee's gross wage. Vesting schedule based upon Plan.

Historical trend or other information about ICM-RC investments are contained in the annual financial report for Vantage Trust. A copy of this report may be obtained at:

ICMA-RC Headquarters  
777 North Capitol Street, NE  
Washington, DC 20002

A copy of the ICMA-RC Retirement Plan for I-COM 911 may be reviewed at its administrative office:

I-COM 911  
840 SE Barrington Dr.  
Oak Harbor WA 98277

**Note 5 – Risk Management**

**AWC-Medical**

The Island County Emergency Services Communication Center 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.

**Notes to the Financial Statements**  
**For the year ended December 31, 2017**

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, 2017, 261 cities/towns/non-city entities participate in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members. 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, 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 2017, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Life Map, and Kaiser ISL at \$1 million with Companion Life through ASG Risk Management. The aggregate policy is for 200% of expected medical claims.

Participating employers contract to remain in the AWC 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 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 HCP. Similarly, the terminating member forfeits all rights and interest to the 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.

**ENDURIS-Liability Insurance**

Island County Emergency Services Communication Center is a member of Enduris. Chapter 48.62 RCW provides the exclusive source of local government entity authority to individually or jointly self-insure risks,

**Notes to the Financial Statements**  
**For the year ended December 31, 2017**

jointly purchase insurance or reinsurance, and to contract for risk management, claims, and administrative services. Enduris was formed July 10, 1987 pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW. Two (2) counties and two (2) cities in the State of Washington joined together by signing an interlocal governmental agreement to fund their self-insured losses and jointly purchase insurance and administrative services. As of September 2016, there are over 524, Enduris members representing a broad array of special purpose districts throughout the state. Enduris provides property and liability coverage as well as risk management services and other related administrative services.

Members make an annual contribution to fund Enduris and share in the self-insured retention of the jointly purchased excess and/or reinsurance coverage. The self-insured retention is:

- \$1,000,000 deductible on liability loss-the member is responsible for the first \$1,000 of the deductible amount of each claim, while Enduris is responsible for the remaining \$99,000 on a liability loss.
- \$250,000 deductible on property loss-the member is responsible for the first \$1,000 of the deductible amount of each claim, while Enduris is responsible for the remaining \$249,000 on a property loss.
- Enduris is responsible for the \$4,000 deductible on boiler and machinery loss

Enduris acquires reinsurance from unrelated insurance companies on a “per occurrence” basis to cover all losses over the deductibles as shown on the policy maximum limits. Liability coverage is for all lines of liability coverage including Public Official’s Liability. The Property coverage is written on an “all risk”, blanket basis using current Statement of Values. The Property coverage includes but is not limited mobile equipment, boiler and machinery, electronic data processing equipment, business interruption, course of construction and additions, property in transit, fine arts, cyber and automobile physical damage to insured vehicles. Liability coverage limit is \$20 million per occurrence and property coverage limit is \$1 billion per occurrence. Enduris offers crime coverage up to a limit of \$1 million per occurrence.

Since Enduris is a cooperative program, there is a joint liability among the participation members.

The contract requires members to continue membership for a period of not less than one (1) year and must give notice 60 days before terminating participation. The Master Agreement (intergovernmental Contract) is automatically renewed after the initial one (1) full fiscal year commitment. Even after termination, a member is still responsible for contribution to Enduris for any unresolved, unreported and in-process claims for the period they were a signatory to the Master Agreement.

Enduris is fully funded by its member participants. Claims are filed by members with Enduris and are administered in house.

A Board of Directors consisting of seven (7) board members governs Enduris. Its members elect the Board and the positions are filled on a rotating basis. The Board meets quarterly and is responsible for conducting the business affairs of Enduris.

**Notes to the Financial Statements**  
**For the year ended December 31, 2017**

**Note 6 - Other Disclosures**

Related party transaction Information: Ten-member agencies provide the majority of operating revenue to I-COM 911. The method of allocating this revenue source is defined in the Interlocal Agreement for Island County Emergency Services Communication Center (I-COM)-section 7.F(4) "Succeeding Years"

"...the proportionate share that each party shall pay of the annual budget shall be based upon the percentage of dispatch events of that agency for the 3-year period prior to June 30 of the prior year, as computed by the director of I-COM from I-COM dispatch records."

And Attachment "A" as executed February 16, 1993

The cost distribution for I-COM member agencies for its 2017 Annual Budget, including yearly comparisons, was as replicated below:

2017 I-COM MEMBER AGENCY "USER FEES"									
Dispatch Events from July 1, 2013 through June 30, 2016									
	Year 1		Year 2		Year 3				
Agency	7/1/13- 12/31/13	1/1/14- 6/30/14	7/1/14- 12/31/14	1/1/15- 6/30/15	7/1/15- 12/31/15	1/1/19- 6/30/16	total # of Calls	Factor	Annual Fee
<b>Law Enforcement</b>									
Island Co. Sheriff's Ofc.	11,076	10,309	11,962	10,128	12,203	10,883	66,561	0.418957	\$667,453.76
Oak Harbor Police Dept.	6,628	6,424	6,596	6,000	6,315	6,545	38,508	0.242376	\$386,136.93
Coupeville Marshal's Ofc.	773	579	729	594	675	569	3,919	0.024668	\$39,299.38
Langley Police Dept.	367	340	396	368	370	421	2,262	0.014238	\$22,683.01
<b>Subtotal Law Enf</b>	<b>18,844</b>	<b>17,652</b>	<b>19,683</b>	<b>17,090</b>	<b>19,563</b>	<b>18,418</b>	<b>111,250</b>	<b>0.700239</b>	<b>\$1,115,573.08</b>
<b>EMS</b>									
Whidbey Health	3,815	3,810	3,854	3,725	4,036	3,936	23,176	0.145878	\$232,402.89
<b>Subtotal EMS</b>	<b>3,815</b>	<b>3,810</b>	<b>3,854</b>	<b>3,725</b>	<b>4,036</b>	<b>3,936</b>	<b>23,176</b>	<b>0.145878</b>	<b>\$232,402.89</b>
<b>FIRE</b>									
Camano Island F & R	812	817	962	897	1,036	900	5,424	0.034140	\$54,389.52
North Whidbey F & R	840	793	881	766	1,092	1,017	5,389	0.033920	\$54,039.03
South Whidbey F & R	1,069	1,000	1,182	1,033	1,261	1,263	6,808	0.042852	\$68,268.89
Central Whidbey F & R	571	547	634	568	683	612	3,615	0.022754	\$36,250.12
Oal Harbro Fire	563	469	552	474	594	560	3,212	0.020217	\$32,208.35
<b>Subtotal Fire</b>	<b>3,855</b>	<b>3,626</b>	<b>4,211</b>	<b>3,738</b>	<b>4,666</b>	<b>4,352</b>	<b>24,448</b>	<b>0.153883</b>	<b>\$245,155.91</b>
<b>Total Dispatch Events</b>	<b>26,514</b>	<b>25,088</b>	<b>27,748</b>	<b>24,553</b>	<b>28,265</b>	<b>26,706</b>	<b>158,874</b>	<b>1.000000</b>	<b>\$1,593,131.89</b>

NOTE 1: FACTOR is each agency's percentage of the total number of calls. (Fractions are rounded to 4 digits for budget purposes)

NOTE 2: ANNUAL FEE was determined by multiplying each AGENCY'S FACTOR by the TOTAL ANNUAL BUDGET.

(Amounts may differ slightly due to Factor Rounding.)

NOTE 3: This chart reflects only the User Agency Fees portion of the I-COM annual revenue budget.

# **Island County Emergency Services Communications Center-ICOM911**

## **Notes to the Financial Statements**

**For the year ended December 31, 2016**

### **Note 1 - Summary of Significant Accounting Policies**

The Island County Emergency Services Communications Center was incorporated on February 16, 1993 and operates under the laws of the state of Washington applicable to a proprietary/special purpose district. The district is a special purpose local government and provides emergency communication services-911 call center.

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

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

#### **A. Fund Accounting**

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements. The following fund types are used:

#### **GOVERNMENTAL FUND TYPES:**

##### **General Fund**

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

#### **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.

### C. Budgets

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

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

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

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund:	2,640,985	2,598,752	42,233

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 district's legislative body.

### D. Cash and Investments

See note 2 Deposits and Investments

### E. Capital Assets

Capital assets are assets with an initial individual cost of more than \$ 2,500.00. Capital assets and inventory are recorded as capital expenditures when purchased.

### F. Compensated Absences

Vacation leave may be accumulated indefinitely and is payable upon separation or retirement. Sick leave may be accumulated up to 340 hours. Upon separation or retirement employees do not receive payment for unused sick leave. Payments are recognized as expenditures when paid.

### G. Long-Term Debt

See note 3 Debt Service Requirements

### H. Other Financing Sources or Uses

The district has no other financing sources.

### I. Risk Management

Island County Emergency Services Communication Center is a member of Enduris. Chapter 48.62 RCW provides the exclusive source of local government entity authority to individually or jointly self-insure risks, jointly purchase insurance or reinsurance, and to contract for risk management, claims, and administrative services. Enduris was formed July 10, 1987 pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW. Two (2) counties and two (2) cities in the State of Washington joined

together by signing an interlocal governmental agreement to fund their self-insured losses and jointly purchase insurance and administrative services. As of August 31, 2016, there are 524 Enduris members representing a broad array of special purpose districts throughout the state. Enduris provides property and liability coverage as well as risk management services and other related administrative services.

Members make an annual contribution to fund Enduris and share in the self-insured retention of the jointly purchased excess and/or reinsurance coverage. The self-insured retention is:

- \$1,000,000 deductible on liability loss - the member is responsible for the first \$1,000 of the deductible amount of each claim, while Enduris is responsible for the remaining \$999,000 on a liability loss.
- \$250,000 deductible on property loss - the member is responsible for the first \$1,000 of the deductible amount of each claim, while Enduris is responsible for the remaining \$249,000 on a property loss.
- Enduris is responsible for the \$4,000 deductible on boiler and machinery loss.

Enduris acquires reinsurance from unrelated insurance companies on a “per occurrence” basis to cover all losses over the deductibles as shown on the policy maximum limits. Liability coverage is

for all lines of liability coverage including Public Official’s Liability. The Property coverage is written on an “all risk”, blanket basis using current Statement of Values. The Property coverage includes but is not limited to mobile equipment, boiler and machinery, electronic data processing equipment, business interruption, course of construction and additions, property in transit, fine arts, cyber and automobile physical damage to insured vehicles. Liability coverage limit is \$20 million per occurrence and property coverage limit is \$1 billion per occurrence. Enduris offers crime coverage up to a limit of \$1 million per occurrence.

Since Enduris is a cooperative program, there is a joint liability among the participating members.

The contract requires members to continue membership for a period of not less than one (1) year and must give notice 60 days before terminating participation. The Master Agreement (Intergovernmental Contract) is automatically renewed after the initial one (1) full fiscal year commitment. Even after termination, a member is still responsible for contribution to Enduris for any unresolved, unreported and in-process claims for the period they were a signatory to the Master Agreement.

Enduris is fully funded by its member participants. Claims are filed by members with Enduris and are administered in house.

A Board of Directors consisting of seven (7) board members governs Enduris. Its members elect the Board and the positions are filled on a rotating basis. The Board meets quarterly and is responsible for conducting the business affairs of Enduris.

Island County Emergency Services Communication Center (ICOM 911) 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 RCS, 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, 2016, 258 cities/towns/non-city entities participate in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members. 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: Group Health Cooperative/Group Health Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, 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 2016, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Life Map, and Group Health ISL of \$750,000 through Sun Life. The aggregate policy is for 200% of expected medical claims.

Participating employers contract to remain in the AWC 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 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 HCP. Similarly, the terminating member forfeits all rights and interest to the 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.



#### J. Reserved Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments is reported as reserved when it is subject to restrictions on use imposed by external parties or due to internal commitments established by Board of Directors. When expenditures that meet restrictions are incurred, the district intends to use reserved resources first before using unreserved amounts.

Reservations of Ending Cash and Investments consist of amounts reserved through resolutions by the Board of Directors. The Reserved amounts consist of:

Equipment Reserve	\$98,500.00
DMTS Sk-ICOM Microwave Repair	\$30,000.00
NG911 Reserve	\$30,000.00
Spillman Server Reserve	\$40,000.00
TOTAL	\$198,500.00

#### **Note 2 – Deposits and Investments**

The Center does not invest in temporary cash surpluses. All cash is held by the Island County Treasurer and is covered by the FDIC.

#### **Note 3 – Debt Service Requirements**

##### Debt Service

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the district and summarizes the district's debt transactions for year ended December 31, 2016.

#### **Note 4 – Pension Plans**

##### A. State Sponsored Pension Plans

Substantially all district'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 2/3.

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

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

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

Also, the DRS CAFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

At June 30, 2016 (the measurement date of the plans), the district's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	Allocation %	Liability (Asset)
PERS 1 UAAL	.011181%	\$600,472
PERS 2/3	.014309%	\$720,477

A. Local Government Pension Plans

**ICMA-RC GOVERNMENT MONEY PURCHASE PLAN AND TRUST**

Substantially all I-COM 911 full-time and qualifying part-time employees participate in a 401(a)-defined contribution qualified plan administered by ICMA-RC (International City Management Association Retirement Corporation), a non-profit financial services corporation, under a cost-sharing multiple-employer public sector employee retirement plan in lieu of Social Security and under provisions of Federal Law and IRS statutes. Actuarial information is on a system-wide basis and is not considered pertinent to I-COM 911's financial statements. Contributions to the system, by employee is mandatory and therefore factored pre-tax gross wage at a rate of 4.2 or 6.2% (employee option). Contributions to the system by employer is at 6.2% of employee's gross wage. Vesting schedule based upon Plan.

Historical trend or other information about ICM-RC investments are contained in the annual financial report for Vantage Trust. A copy of this report may be obtained at:

ICMA-RC Headquarters  
777 North Capitol Street, NE  
Washington, DC 20002

A copy of the ICMA-RC Retirement Plan for I-COM 911 may be viewed at its administrative office:

I-COM 911  
840 SE Barrington Rd  
Oak Harbor WA 98277

**Note 5 - Other Disclosures**

**Related party transaction Information:** Ten-member agencies provide the majority of operating revenue to I-COM 911. The method of allocating this revenue source is defined in the Interlocal Agreement for Island County Emergency Services Communication Center (I-COM)-section 7.B (4) "Succeeding Years"

"...the proportionate share that each party shall pay of the annual budget shall be based upon the percentage of dispatch events of that agency for the 3-year period prior to June 30 of the prior year, as computed by the director of I-COM from I-COM dispatch records."

And Attachment "A" as executed February 16, 1993

The cost distribution for I-COM member agencies for its 2016 Annual Budget, including yearly comparisons,

was as replicated below:

# 2016 I-COM MEMBER AGENCY “USER FEES”

Based on actual Dispatch Events from July 1, 2011 through June 30, 2015

	Year 1		Year 2		Year 3				
Agency	7/1/12-12/31/12	1/1/13-06/30/13	7/1/13-12/31/13	1/1/14-6/30/14	7/1/14-12/31/14	1/1/15-6/30/15	Total # OF CALLS	FACTOR	ANNUAL FEE
<b>LAW ENFORCEMENT</b>									
Island Co. Sheriff's Ofc.	11,182	10,076	11,076	10,309	11,962	10,128	64,733	0.420290	\$ 637,692.77
Oak Harbor Police Dept.	6,441	6,359	6,628	6,424	6,596	6,000	38,448	0.249630	\$ 378,755.73
Coupeville Marshal's Of	729	640	773	579	729	594	4,044	0.026256	\$ 39,837.40
Langley Police Dept.	340	371	367	340	396	368	2,182	0.014167	\$ 21,495.14
<b>Subtotal Law Enf.</b>	<b>18,692</b>	<b>17,446</b>	<b>18,844</b>	<b>17,652</b>	<b>19,683</b>	<b>17,090</b>	<b>109,407</b>	<b>0.710343</b>	<b>\$ 1,077,781.04</b>
<b>EMS</b>									
Whidbey Health	3,473	3,583	3,815	3,810	3,854	3,725	22,260	0.144527	\$ 219,286.26
<b>Subtotal EMS</b>	<b>3,473</b>	<b>3,583</b>	<b>3,815</b>	<b>3,810</b>	<b>3,854</b>	<b>3,725</b>	<b>22,260</b>	<b>0.144527</b>	<b>\$ 219,286.26</b>
<b>FIRE</b>									
Camano Isl Fire & R	781	688	812	817	962	897	4,957	0.032184	\$ 48,831.77
North Whid Fire & R	746	751	840	793	881	766	4,777	0.031015	\$ 47,058.08
Island Co Fire Dist #3	960	943	1,069	1,000	1,182	1,033	6,187	0.040170	\$ 60,948.67
CentrWhid Is Fire & R	529	550	571	547	634	568	3,399	0.022069	\$ 33,484.60
Oak Harbor Fire	514	461	563	469	552	474	3,033	0.019692	\$ 29,878.05
<b>Subtotal Fire</b>	<b>3,530</b>	<b>3,393</b>	<b>3,855</b>	<b>3,626</b>	<b>4,211</b>	<b>3,738</b>	<b>22,353</b>	<b>0.145131</b>	<b>\$ 220,201.17</b>
<b>Total Disp Events</b>	<b>25,695</b>	<b>24,422</b>	<b>26,514</b>	<b>25,088</b>	<b>27,748</b>	<b>24,553</b>	<b>154,020</b>	<b>1.000000</b>	<b>\$ 1,517,268.48</b>

NOTE 1: FACTOR is each agency's percentage of the total number of calls. (Fractions are rounded to 4 digits for budget purposes)

NOTE 2: ANNUAL FEE was determined by multiplying each AGENCY'S FACTOR by the TOTAL ANNUAL BUDGET.

(Amounts may differ slightly due to Factor rounding.)

NOTE 3: This chart reflects only the User Agency Fees portion of the I-COM annual revenue budget.

ICOM had three assessments for capital projects:

Law Enforcement Assessment total cost of \$134,213.92 for equipment.

Island County Sheriff	\$79,518.62
Oak Harbor Police Department	\$47,229.95
Coupeville Marshall's Office	\$4,967.70
Langley Police Department.	\$2,497.65

Fire-Medical Assessment total cost of \$125,483.30 for radios,

Whidbey Health	\$56,467.48
Central Whidbey Fire & Rescue	\$12,422.85
North Whidbey Fire and Rescue	\$12,422.85
South Whidbey Fire	\$15,810.89
Camano Island Fire and Rescue	\$7,905.45
Oak Harbor Fire Department.	\$20,453.78

Assessment for new GPS MR Clock total cost of \$9,746.04

ICSO	\$4,096.16
OHPD	\$2,432.90
CMO	\$ 255.89
LPD	\$ 138.07
WH	\$1,408.57
CIFR	\$ 313.67
NWFR	\$ 302.27
SWFE	\$ 391.50
CWIFR	\$ 215.09
OHFD	\$ 191.92

Total breakdown of cost for each assessment was based on the same calculation process as used for the yearly User Fees.

**Island County Emergency Services Communications Center**  
**Schedule of Liabilities**  
**For the Year Ended December 31, 2017**

<u>ID. No.</u>	<u>Description</u>	<u>Due Date</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
259.12	Compensated Absences		48,989	6,648	-	55,637
264.30	Net Pension Liability		1,320,919	-	397,384	923,535
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>1,369,908</b>	<b>6,648</b>	<b>397,384</b>	<b>979,172</b>
<b>Total Liabilities:</b>			<b>1,369,908</b>	<b>6,648</b>	<b>397,384</b>	<b>979,172</b>

**Island County Emergency Services Communications Center**  
**Schedule of Liabilities**  
**For the Year Ended December 31, 2016**

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
259.12	Compensated Absences		47,209	1,780	-	48,989
264.30	Net Pension Liability		1,043,647	277,272	-	1,320,919
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>1,090,856</b>	<b>279,052</b>	<b>-</b>	<b>1,369,908</b>
<b>Total Liabilities:</b>			<b>1,090,856</b>	<b>279,052</b>	<b>-</b>	<b>1,369,908</b>

## ABOUT THE STATE AUDITOR'S OFFICE

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

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

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We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office	
Public Records requests	<a href="mailto:PublicRecords@sao.wa.gov">PublicRecords@sao.wa.gov</a>
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	<a href="http://www.sao.wa.gov">www.sao.wa.gov</a>