



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Skagit 911

For the period January 1, 2019 through December 31, 2019

Published December 21, 2020

Report No. 1027458





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

December 21, 2020

Board of Directors
Skagit 911
Mount Vernon, Washington

Report on Financial Statements

Please find attached our report on Skagit 911's financial statements.

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

Sincerely,

Pat McCarthy
State Auditor
Olympia, WA

Americans with Disabilities

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**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***

**Skagit 911
January 1, 2019 through December 31, 2019**

Board of Directors
Skagit 911
Mount Vernon, 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 Skagit 911, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Agency's financial statements, and have issued our report thereon dated December 15, 2020.

We issued an unmodified opinion on the fair presentation of the Agency'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 Agency 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.

As discussed in Note 5 to the financial statements, during the year ended December 31, 2019, the Agency adopted new accounting guidance for presentation and disclosure of postemployment benefits other than pensions, as required by the BARS manual.

As discussed in Note 8 to the financial statements, in February 2020, a state of emergency was declared that could have a negative financial effect on the Agency. Management's plans in response to this matter are also described in Note 8.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Agency'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 Agency'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 Agency's financial statements are free from material misstatement, we performed tests of the Agency'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

Agency'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 Agency'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

December 15, 2020

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Skagit 911 January 1, 2019 through December 31, 2019

Board of Directors
Skagit 911
Mount Vernon, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Skagit 911, for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Agency'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 state law 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 audit. We conducted our audit 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 Agency'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 Agency'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, Skagit 911 has prepared these financial statements to meet the financial reporting requirements of state law 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 cash and investments of Skagit 911, and its changes in cash and investments, for the year ended December 31, 2019, 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 Agency 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 Skagit 911, as of December 31, 2019, or the changes in financial position or cash flows thereof for the year then ended, due to the significance of the matter discussed in the above "Basis for Adverse Opinion on U.S. GAAP" paragraph.

Matters of Emphasis

As discussed in Note 5 to the financial statements, in fiscal year 2019, the Agency adopted new accounting guidance for presentation and disclosure of postemployment benefits other than pensions as required by the BARS manual. Our opinion is not modified with respect to this matter.

As discussed in Note 8 to the 2019 financial statements, in February 2020, a state of emergency was declared that could have a negative financial effect on the District. Management's plans in response to this matter are also described in Note 8. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary and Other Information

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2020 on our consideration of the Agency'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 Agency's internal control over financial reporting and compliance.

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

Pat McCarthy

State Auditor

Olympia, WA

December 15, 2020

FINANCIAL SECTION

Skagit 911 January 1, 2019 through December 31, 2019

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2019
Notes to Financial Statements – 2019

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2019

Skagit 911
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2019

Beginning Cash and Investments

30810	Reserved	-
30880	Unreserved	2,429,682
388 / 588	Net Adjustments	-

Revenues

310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	4,808,179
340	Charges for Goods and Services	2,068,338
350	Fines and Penalties	-
360	Miscellaneous Revenues	159,921
Total Revenues:		7,036,438

Expenditures

520	Public Safety	5,744,369
Total Expenditures:		5,744,369
Excess (Deficiency) Revenues over Expenditures:		1,292,069

Other Increases in Fund Resources

391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
386 / 389	Custodial Activities	149,888
381, 382, 395, 398	Other Resources	-
Total Other Increases in Fund Resources:		149,888

Other Decreases in Fund Resources

594-595	Capital Expenditures	513,538
591-593, 599	Debt Service	-
597	Transfers-Out	-
585	Special or Extraordinary Items	-
586 / 589	Custodial Activities	(738)
581, 582	Other Uses	-
Total Other Decreases in Fund Resources:		512,800

Increase (Decrease) in Cash and Investments: 929,157

Ending Cash and Investments

5081000	Reserved	-
5088000	Unreserved	3,358,837
Total Ending Cash and Investments		3,358,837

Skagit 911
Notes to the Financial Statements
For the year ended December 31, 2019

Note 1 - Summary of Significant Accounting Policies

Skagit 911 was formed on October 1, 1998 as a local government entity. It was incorporated on January 1, 2017, and operates under the laws of the state of Washington applicable to a local government. Skagit 911 is a special purpose local government and provides public safety emergency communications.

Skagit 911 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. (see note to 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. Cash and Investments

See Note 4 - *Deposits and Investments*.

Skagit 911
Notes to the Financial Statements
For the year ended December 31, 2019

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000.00 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 180 hours for represented employees and up to 208 hours for non-represented employees. Unused vacation leave is payable upon separation or retirement. The vacation ending balance as of December 31, 2019 is \$91,313.67

Sick leave may be accumulated up to 1,250 hours. Upon separation from employment, retirement or death and upon meeting the years of service requirement, an employee shall convert accumulated, unused sick leave hours to monetary compensation at the percentage rate of the total value specified in the table below:

Years of Service	Percentage of Cash-Out
15 years completed	10%
20 years completed	15%
25 years completed	25%

The sick leave ending balance as of December 31, 2019 is \$10,884.32.

Holiday leave is available as the holidays occur. Represented staff receive 88 hours per calendar year and non-represented staff receive 96 hours per calendar year. Upon separation or retirement employees receive payment for holidays that have occurred but were not used. The holiday ending balance as of December 31, 2019 is \$32,015.93.

To the extent permitted by the Fair Labor Standards Act, Skagit 911 non-exempt employees may choose to take overtime earned as compensatory time. Employees may accumulate up to 240 hours. Compensatory time not taken by the end of each calendar year is converted to pay and included in the last pay period of the calendar year. The ending balance of compensatory time as of December 31, 2019 is \$9,075.22.

Payments are recognized as expenditures when paid.

F. Long-Term Debt

See Note 3 - *Debt Service Requirements*.

G. 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 Skagit 911's Board of Directors. When expenditures that meet restrictions are incurred, the district intends to use reserved resources first before using unreserved amounts.

Skagit 911
Notes to the Financial Statements
For the year ended December 31, 2019

Skagit 911 has no reserved portion of Cash and Investments.

Note 2 – Budget Compliance

Skagit 911 adopts annual appropriated budgets for all funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

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

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

Fund/Department	Final Appropriated Amounts	Actual Expenses	Variance
General Fund	7,178,561	6,257,173	921,388

Budgeted amounts are authorized to be transferred between 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 Skagit 911's legislative body.

The final appropriated amount excludes \$456,204 from the published budget due to consolidation.

The original 2019 appropriated amount was expanded with supplemental budget amendments to allow for projects and other items that were not included in the original budget. These include \$140,375 for radio site development, \$3,800 for training, \$165,000 for tower site infrastructure, \$60,000 for strategic planning, and \$38,909 for a reimbursable radio infrastructure project.

The variance is due to understaffing and project expenses that will carry over into 2020.

Note 3 – Debt Service Requirements

Debt Service

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of Skagit 911 and summarizes the district's debt transactions for year ended December 31, 2019.

Skagit 911 had zero debt service requirements in 2019.

Note 4 – Deposits and Investments

Investments are reported at fair value. Investments by type at December 31, 2019 are as follows:

Skagit 911
Notes to the Financial Statements
For the year ended December 31, 2019

Type of Deposit or Investment	Skagit 911's own investments	Investments held by the district as an agent for other local governments, individuals, or private organizations.	Total
LGIP	1,704,290	0	1,704,290
Bank Deposits	1,654,547		1,654,547
<i>Totals</i>	\$ 3,358,837	\$ -	\$ 3,358,837

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

Investments in the State Local Government Investment Pool (LGIP)

Skagit 911 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 district would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. Skagit 911's deposits 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 district or its agent in the government's name.

Note 5 – Other Post-Employment Benefits (OPEB) Plans

Skagit 911 is a participating employer in the state's Public Employees Benefits Board (PEBB) program, a defined benefit plan administered by the Washington State Health Care Authority. The plan provides medical, dental, and life insurance benefits for public employees and retirees and their dependents on a pay-as-you-go basis. The plan provides OPEB benefits through both explicit and implicit subsidies. The explicit subsidy is a set dollar amount that lowers the monthly premium paid by members over the age of 65 enrolled in Medicare Parts A and B. PEBB determines the amount of the explicit subsidy annually. The implicit subsidy results from the inclusion of active and non-Medicare eligible retirees in the same pool when determining premiums. There is an implicit subsidy from active employees since the premiums paid by retirees are lower than they would have been if the retirees were insured separately. Skagit 911 had 49 active plan members and one retired plan member as of December 31, 2019. As of December 31, 2019, Skagit 911's total OPEB liability was \$992,030 as calculated using the alternative measurement method. Skagit 911 contributed \$250,683 to the plan for the year ended December 31, 2019.

Skagit 911
Notes to the Financial Statements
For the year ended December 31, 2019

Note 6 – Pension Plans

A. State Sponsored Pension Plans

Substantially all Skagit 911'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 PERS 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.

At June 30, 2019 (the measurement date of the plans), the city's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

Plan Type	Employer Contributions	Plan Liability / Asset	Allocation Percentage	NPL
PERS 1 UAAL	157,374.19	3,845,355,000	0.02194772%	843,968
PERS 2/3	231,405.20	971,340,000.00	0.02833291%	275,209
			<i>Totals</i>	<i>\$ 1,119,177</i>

Note 7 – Risk Management

Skagit 911 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. WCIA has a total of 163 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.

Skagit 911
Notes to the Financial Statements
For the year ended December 31, 2019

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 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.

Insurance for property, automobile physical damage, fidelity, inland marine, and boiler and machinery coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that to \$300 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.

The WCIA annual report may be obtained by writing to:

Washington Cities Insurance Authority
P.O. Box 88030
Tukwila, WA 98138

Also, the WCIA annual report may be downloaded from the WCIA website at:

www.wciapool.org/communications/annual-reports

The following table illustrates Skagit 911 insurance for other types of risk, including health and welfare, unemployment compensation, and workers compensation:

Skagit 911
Notes to the Financial Statements
For the year ended December 31, 2019

Type of Risk	Self -insured	
	(Y/N)	Or Name of Insurer
Property & Liability	N	WCIA
Health & Welfare	N	PEBB
Unemployment Compensation (ESD)	N	Employment Security Department
Workers Compensation (L&I)	N	Labor & Industries
Other	N	WCIA

Note 8 - Other Disclosures

Subsequent Events

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of a deadly new virus. In the weeks following the declaration, precautionary measures to slow the spread of the virus have been ordered. These measures include closing schools, colleges and universities, cancelling public events, prohibiting public and private gatherings, and requiring people to stay home unless they are leaving for an essential function.

This will cause a financial impact to Skagit 911 as the majority of the revenue resources for the district come from sales tax. Skagit 911's management and Board of Directors are in close communication regarding the district's financial position and have limited spending to essential expenses and projects. The length of time these measures will be in place and the full extent of the financial impact on Skagit 911 is unknown at this time.

InterLocal Agreements

Skagit 911 enters into interlocal agreements with other governments for a variety of reasons, including the formation of Skagit 911, technical services, reimbursements, shared maintenance, provision of dispatch services, and project management. The following is a summarized listing of current interlocal agreements:

- Cities of Anacortes, Burlington, Mount Vernon, and Sedro-Woolley, the Towns of Concrete, Hamilton, LaConner and Lyman, Swinomish Indian Tribal Community and Upper Skagit Indian Tribe – Interlocal Cooperation Agreement for a Countywide Public Safety Communications Center
- Skagit County Geographic Information Services – technical services
- Skagit County Information Services – Spillman Public Safety System and Email
- Skagit County – reimbursement of shared utilities in the facility at 2911 E. College Way
- Skagit County – pass through reimbursements from State Military Department to Skagit 911
- Skagit County Treasurer's Office – forward tax revenues from Department of Revenue to Skagit 911
- I-COM 911 – reciprocal default public safety answering point (PSAP) agreement
- I-COM 911 and Washington State Patrol – transfer ownership and maintenance of specified microwave communication equipment to I-COM 911 and Skagit 911
- City of Mount Vernon – mobile wireless management system
- King County – licensing for Criteria Based Dispatch Guidelines
- Each Fire Protection District in Skagit County – provision of dispatch services, also mutual aid agreement
- Each Skagit County Fire Protection District and municipal fire department – maintenance of fire-

Skagit 911
Notes to the Financial Statements
For the year ended December 31, 2019

specific infrastructure

- Each Skagit County municipal law enforcement agency and Skagit County Sheriff's Department – maintenance of law-specific infrastructure
- Each Fire Protection District and municipal fire department utilizing mobile data terminals (MDTs) – reimbursement for Skagit 911 costs
- National Park Service and Sauk-Suiattle Indian Tribe – provision of dispatch services

Projects

In 2020 Skagit 911 has several mission critical projects scheduled. These projects include two new public safety radio sites – Lake McMurray and South Lookout. Other projects include radio site backhaul redundancy projects, replacement of our end of life radio console system, completion of two projects that we partnered with the Skagit County Sheriff to complete – installation of a radio system Core and completion of their simulcast radio system. The total of Skagit 911's expenses for these projects is budgeted at \$1,303,242.

Skagit 911 is also working on installing and implementing a conversion of the medical dispatch system to ProQA. This project is being reimbursed to Skagit 911 by Skagit County Emergency Medical Services in the amount of \$497,476.

Skagit 911
Schedule of Liabilities
For the Year Ended December 31, 2019

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absences		161,436	-	18,147	143,289
264.30	Net Pension Liability		1,447,492	-	328,315	1,119,177
264.40	OPEB Liability		-	992,030	-	992,030
Total Revenue and Other (non G.O.) Debt/Liabilities:			1,608,928	992,030	346,462	2,254,496
Total Liabilities:			1,608,928	992,030	346,462	2,254,496

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.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

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

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