



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

City of Brier

For the period January 1, 2018 through December 31, 2019

Published March 1, 2021

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

March 1, 2021

Mayor and City Council
City of Brier
Brier, Washington

Report on Financial Statements

Please find attached our report on the City of Brier's financial statements.

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

Sincerely,

Pat McCarthy
State Auditor
Olympia, WA

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INDEPENDENT AUDITOR'S REPORT

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

City of Brier January 1, 2018 through December 31, 2019

Mayor and City Council
City of Brier
Brier, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the City of Brier, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated February 23, 2021.

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

As discussed in Note 9 to the 2019 financial statements, during the year ended December 31, 2019, the City adopted new accounting guidance for presentation and disclosure of postemployment benefits other than pensions, as required by the BARS manual.

As discussed in Note 12 to the 2019 financial statements, in February 2020, a state of emergency was declared that could have a negative financial effect on the City.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audits of the financial statements, we considered the City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described 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 City's financial statements are free from material misstatement, we performed tests of the City'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 City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

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

Pat McCarthy
State Auditor
Olympia, WA

February 23, 2021

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

City of Brier January 1, 2018 through December 31, 2019

Mayor and City Council
City of Brier
Brier, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the City of Brier, for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the City'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 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 City'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 City'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 City of Brier 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 the City of Brier, and its changes in cash and investments, for the years ended December 31, 2019 and 2018, 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 City 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 City of Brier, as of December 31, 2019 and 2018, or the changes in financial position or cash flows thereof 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.

Matters of Emphasis

As discussed in Note 9 to the 2019 financial statements, in 2019, the City 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 12 to the 2019 financial statements, in February 2020, a state of emergency was declared that could have a negative effect on the City. Our opinion is not modified with respect to this matter.

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 February 23, 2021 on our consideration of the City'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 City's internal control over financial reporting and compliance.

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

Pat McCarthy
State Auditor
Olympia, WA

February 23, 2021

FINANCIAL SECTION

City of Brier January 1, 2018 through December 31, 2019

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2019
Fund Resources and Uses Arising from Cash Transactions – 2018
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SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2019
Schedule of Liabilities – 2018

City of Brier
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2019

		Total for All Funds (Memo Only)	001 General Fund #001	101 Street Fund #101	105 Parks ACQ & DEV Fund #105
Beginning Cash and Investments					
30810	Reserved	1,638,041	63,920	-	516,748
30880	Unreserved	7,421,179	3,334,731	395,624	37,881
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	3,033,186	2,571,221	57,716	70,912
320	Licenses and Permits	122,213	82,065	40,148	-
330	Intergovernmental Revenues	451,968	134,052	148,395	-
340	Charges for Goods and Services	2,434,580	45,365	15,500	-
350	Fines and Penalties	30,311	30,100	-	-
360	Miscellaneous Revenues	278,326	110,498	8,925	12,445
Total Revenues:		6,350,584	2,973,301	270,684	83,357
Expenditures					
510	General Government	503,865	503,865	-	-
520	Public Safety	2,109,676	2,109,676	-	-
530	Utilities	2,249,402	5,390	-	-
540	Transportation	235,221	-	235,221	-
550	Natural and Economic Environment	165,014	165,014	-	-
560	Social Services	1,802	1,802	-	-
570	Culture and Recreation	116,013	110,863	-	4,485
Total Expenditures:		5,380,993	2,896,610	235,221	4,485
Excess (Deficiency) Revenues over Expenditures:		969,591	76,691	35,463	78,872
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	176,487	10,380	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	50,273	47,317	-	-
381, 382, 395, 398	Other Resources	1,663	1,663	-	-
Total Other Increases in Fund Resources:		228,423	59,360	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	182,893	-	-	-
591-593, 599	Debt Service	45,945	-	-	-
597	Transfers-Out	176,487	100,000	3,853	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	85,669	66,033	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		490,994	166,033	3,853	-
Increase (Decrease) in Cash and Investments:		707,020	(29,982)	31,610	78,872
Ending Cash and Investments					
5081000	Reserved	1,988,748	49,481	-	583,175
5088000	Unreserved	7,777,490	3,319,188	427,233	50,326
Total Ending Cash and Investments		9,766,238	3,368,669	427,233	633,501

The accompanying notes are an integral part of this statement.

City of Brier
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2019

		108 Capital Equip Fund #108	111 Capital Improvement Fund #111	118 Friends Of The Parks Fund #118	119 Park Mitigation Fund #119
Beginning Cash and Investments					
30810	Reserved	-	161,737	2,085	-
30880	Unreserved	138,843	195,561	-	111,607
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	131,694	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	111,550	-	-
340	Charges for Goods and Services	-	-	-	15,632
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	13,274	1,173	927	2,126
Total Revenues:		13,274	244,417	927	17,758
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	665	-
Total Expenditures:		-	-	665	-
Excess (Deficiency) Revenues over Expenditures:		13,274	244,417	262	17,758
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	131,600	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		131,600	-	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	24,895	137,938	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	15,211	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		24,895	153,149	-	-
Increase (Decrease) in Cash and Investments:		119,979	91,268	262	17,758
Ending Cash and Investments					
5081000	Reserved	-	269,507	2,347	-
5088000	Unreserved	258,822	179,059	-	129,365
Total Ending Cash and Investments		258,822	448,566	2,347	129,365

The accompanying notes are an integral part of this statement.

City of Brier
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2019

		120 Drug Related Forfeitures #120	201 City Hall Debt Svc Fund 201	300 Capital Facilities Fund #300	400 Sewer Fund #400
Beginning Cash and Investments					
30810	Reserved	1,097	-	892,454	-
30880	Unreserved	-	11,978	352,036	2,279,891
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	201,643	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	13,548	-
340	Charges for Goods and Services	-	-	-	1,984,962
350	Fines and Penalties	211	-	-	-
360	Miscellaneous Revenues	29	840	27,113	82,934
Total Revenues:		240	840	242,304	2,067,896
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	1,958,632
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	-	1,958,632
Excess (Deficiency) Revenues over Expenditures:		240	840	242,304	109,264
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	34,507	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	2,956
381, 382, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	34,507	-	2,956
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	20,060	-
591-593, 599	Debt Service	-	45,945	-	-
597	Transfers-Out	-	1,380	9,859	34,635
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	19,636
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	47,325	29,919	54,271
Increase (Decrease) in Cash and Investments:		240	(11,978)	212,385	57,949
Ending Cash and Investments					
5081000	Reserved	-	-	1,084,238	-
5088000	Unreserved	1,337	-	372,636	2,337,840
Total Ending Cash and Investments		1,337	-	1,456,874	2,337,840

The accompanying notes are an integral part of this statement.

City of Brier
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2019

**407 Storm
Water Mgmt
Fund #407**

Beginning Cash and Investments

30810	Reserved	-
30880	Unreserved	563,027
388 / 588	Net Adjustments	-

Revenues

310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	44,423
340	Charges for Goods and Services	373,121
350	Fines and Penalties	-
360	Miscellaneous Revenues	18,042

Total Revenues:	435,586
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Expenditures

510	General Government	-
520	Public Safety	-
530	Utilities	285,380
540	Transportation	-
550	Natural and Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-

Total Expenditures:	285,380
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Excess (Deficiency) Revenues over Expenditures:	150,206
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Other Increases in Fund Resources

391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
386 / 389	Custodial Activities	-
381, 382, 395, 398	Other Resources	-

Total Other Increases in Fund Resources:	-
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Other Decreases in Fund Resources

594-595	Capital Expenditures	-
591-593, 599	Debt Service	-
597	Transfers-Out	11,549
585	Special or Extraordinary Items	-
586 / 589	Custodial Activities	-
581, 582	Other Uses	-

Total Other Decreases in Fund Resources:	11,549
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Increase (Decrease) in Cash and Investments:	138,657
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Ending Cash and Investments

5081000	Reserved	-
5088000	Unreserved	701,684

Total Ending Cash and Investments	701,684
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The accompanying notes are an integral part of this statement.

City of Brier
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2018

		Total for All Funds (Memo Only)	001 General Fund #001	101 Street Fund #101	105 Parks ACQ & DEV Fund #105
Beginning Cash and Investments					
30810	Reserved	1,379,842	62,721	-	450,196
30880	Unreserved	6,744,518	3,242,512	227,685	31,402
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	2,963,275	2,560,442	57,870	66,552
320	Licenses and Permits	196,894	167,042	29,853	-
330	Intergovernmental Revenues	631,960	130,103	152,851	-
340	Charges for Goods and Services	2,482,977	98,515	-	-
350	Fines and Penalties	38,560	38,530	-	-
360	Miscellaneous Revenues	359,160	187,400	22,652	6,479
Total Revenues:		6,672,826	3,182,031	263,225	73,032
Expenditures					
510	General Government	513,166	513,166	-	-
520	Public Safety	2,052,778	2,052,778	-	-
530	Utilities	2,083,000	5,243	-	-
540	Transportation	203,018	-	189,086	-
550	Natural and Economic Environment	203,772	203,772	-	-
560	Social Services	2,124	2,124	-	-
570	Culture and Recreation	118,009	117,489	-	-
Total Expenditures:		5,175,867	2,894,571	189,086	-
Excess (Deficiency) Revenues over Expenditures:		1,496,959	287,461	74,140	73,031
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	229,900	5,000	100,000	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	124,561	91,693	-	-
381, 382, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		354,461	96,693	100,000	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	388,581	-	-	-
591-593, 599	Debt Service	94,703	-	-	-
597	Transfers-Out	229,900	100,000	6,200	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	203,378	190,736	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		916,561	290,736	6,200	-
Increase (Decrease) in Cash and Investments:		934,859	93,418	167,940	73,031
Ending Cash and Investments					
5081000	Reserved	1,636,944	63,920	-	516,748
5088000	Unreserved	7,422,275	3,334,731	395,624	37,881
Total Ending Cash and Investments		9,059,219	3,398,650	395,624	554,629

The accompanying notes are an integral part of this statement.

City of Brier
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2018

		108 Capital Equip Fund #108	111 Capital Improvement Fund #111	118 Friends Of The Parks Fund #118	119 Park Mitigation Fund #119
Beginning Cash and Investments					
30810	Reserved	-	100,199	1,987	-
30880	Unreserved	113,266	226,340	-	40,386
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	123,597	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	343,429	-	-
340	Charges for Goods and Services	-	-	-	70,527
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	1,200	2,422	620	695
Total Revenues:		1,200	469,448	620	71,222
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	13,932	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	521	-
Total Expenditures:		-	13,932	521	-
Excess (Deficiency) Revenues over Expenditures:		1,200	455,516	99	71,222
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	30,000	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		30,000	-	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	5,623	382,958	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	41,800	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		5,623	424,758	-	-
Increase (Decrease) in Cash and Investments:		25,577	30,758	99	71,222
Ending Cash and Investments					
5081000	Reserved	-	161,737	2,085	-
5088000	Unreserved	138,843	195,561	-	111,607
Total Ending Cash and Investments		138,843	357,298	2,085	111,607

The accompanying notes are an integral part of this statement.

City of Brier
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2018

		120 Drug Related Forfeitures #120	201 City Hall Debt Svc Fund 201	300 Capital Facilities Fund #300	400 Sewer Fund #400
Beginning Cash and Investments					
30810	Reserved	-	-	764,739	-
30880	Unreserved	996	11,252	339,772	2,089,834
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	154,814	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	1,951,269
350	Fines and Penalties	29	-	-	-
360	Miscellaneous Revenues	72	528	12,263	77,276
Total Revenues:		101	528	167,078	2,028,545
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	1,818,215
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	-	1,818,215
Excess (Deficiency) Revenues over Expenditures:		101	528	167,077	210,330
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	94,900	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	32,868
381, 382, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	94,900	-	32,868
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	94,703	-	-
597	Transfers-Out	-	-	27,100	40,500
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	12,642
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	94,703	27,100	53,142
Increase (Decrease) in Cash and Investments:		101	726	139,977	190,056
Ending Cash and Investments					
5081000	Reserved	-	-	892,454	-
5088000	Unreserved	1,097	11,978	352,036	2,279,891
Total Ending Cash and Investments		1,097	11,978	1,244,489	2,279,891

The accompanying notes are an integral part of this statement.

City of Brier
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2018

		407 Storm Water Mgmt Fund #407
		<hr/>
Beginning Cash and Investments		
30810	Reserved	-
30880	Unreserved	421,072
388 / 588	Net Adjustments	-
Revenues		
310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	5,577
340	Charges for Goods and Services	362,667
350	Fines and Penalties	-
360	Miscellaneous Revenues	47,553
Total Revenues:		<hr/> 415,797
Expenditures		
510	General Government	-
520	Public Safety	-
530	Utilities	259,542
540	Transportation	-
550	Natural and Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		<hr/> 259,542
Excess (Deficiency) Revenues over Expenditures:		<hr/> 156,255
Other Increases in Fund Resources		
391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
386 / 389	Custodial Activities	-
381, 382, 395, 398	Other Resources	-
Total Other Increases in Fund Resources:		<hr/> -
Other Decreases in Fund Resources		
594-595	Capital Expenditures	-
591-593, 599	Debt Service	-
597	Transfers-Out	14,300
585	Special or Extraordinary Items	-
586 / 589	Custodial Activities	-
581, 582	Other Uses	-
Total Other Decreases in Fund Resources:		<hr/> 14,300
Increase (Decrease) in Cash and Investments:		<hr/> 141,955
Ending Cash and Investments		
5081000	Reserved	-
5088000	Unreserved	563,027
Total Ending Cash and Investments		<hr/> 563,027

The accompanying notes are an integral part of this statement.

City of Brier
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2019

		<u>Custodial</u>
308	Beginning Cash and Investments	84,519
388 & 588	Net Adjustments	-
310-390	Additions	43,352
510-590	Deductions	<u>25,162</u>
	Net Increase (Decrease) in Cash and Investments:	18,190
508	Ending Cash and Investments	102,710

The accompanying notes are an integral part of this statement.

City of Brier
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2018

		Custodial
308	Beginning Cash and Investments	42,153
388 & 588	Net Adjustments	-
310-390	Additions	50,866
510-590	Deductions	8,500
	Net Increase (Decrease) in Cash and Investments:	42,366
508	Ending Cash and Investments	84,519

The accompanying notes are an integral part of this statement.

CITY OF BRIER

NOTES TO FINANCIAL STATEMENTS

January 1, 2019 through December 31, 2019.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Brier was incorporated on February 11, 1965 and operates under the laws of the state of Washington applicable to a Non Chartered Code City. The city is a general purpose local government and provides public safety, street improvement, parks and recreation, and general administrative services.

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

- Financial transactions are recognized on a cash basis of accounting as described below.
- 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 except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used:

GOVERNMENTAL FUND TYPES:

- General (Current Expense) Fund (No. 001)

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

- Special Revenue Funds (Funds in the 100 series)

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

- Debt Service Funds (Funds in the 200 series)

These funds account for the financial resources that are restricted, committed, or assigned to expenditures for principal, interest and related costs on general long-term debt.

- Capital Projects Funds (Funds in the 300 series)

These funds account for financial resources which are restricted, committed or assigned for the acquisition or construction of capital facilities or other capital assets.

PROPRIETARY FUND TYPES:

- Enterprise Fund (Certain Funds in the 400 series)

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges.

• FIDUCIARY FUND TYPES:

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

- Custodial Funds (Funds in the 600 series)

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

B. Basis of Accounting and Measurement Focus

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

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

C. Cash & Investments

See NOTE 3, Deposits and Investments.

D. Capital Assets

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

E. Compensated Absences

The General and Proprietary Revenue funds recognize vacation benefits only when paid, although this practice does not conform to generally accepted accounting principles.

Unless otherwise approved by the Mayor, vacation time shall be taken within the twelve (12) month period following the period for which it is accumulated and may not be extended beyond twice the annual rate without approval of the Mayor. An employee whose service is terminated or who resigns shall be paid for any accumulated, unused vacation at their current rate of pay.

Accrued but unused sick leave shall be converted to pay on the following basis:

- a. Termination - voluntary, (provided two (2) weeks notice is given) or discharge: Twenty percent (20%) of up to seven hundred twenty (720) hours unused sick leave.
- b. Termination - by layoff: Thirty-three percent (33%) of up to seven hundred twenty (720) hours unused sick leave.
- c. Retirement (or death): One hundred percent (100%) of the first two hundred (200) hours unused sick leave. Thirty-three percent (33%) of up to five hundred twenty (520) remaining hours of unused sick leave. Conversion of unused sick leave shall not be for more than a total of seven hundred twenty (720) hours.

Compensation time is earned by union employees with a maximum accrual of 50 hours. It shall be taken within a reasonable amount of time after it is earned, unless the Department Head or Mayor determines that such would be unduly disruptive to the City's operations. In the event of separation of an employee, any accumulated compensation time shall be paid at the employee's current rate of pay.

F. Long-Term Debt

See Note #4, Debt Service Requirements.

G. Reserved Portion of Ending Cash & 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 the City Council. When expenditures that meet restrictions are incurred, the city intends to use reserved resources first before using unreserved amounts.

Reservations of Ending Cash & Investments consist of:

FUND	AMOUNT	DETAIL
001- General	\$ 112,284	Is reserved funds for the CTED Programs 1-3/Tree replacement funds
105- Parks Aqu	\$ 583,175	Is REET #1 reserved funds
111- Capt. Impr	\$ 269,705	Is REET #1 reserved funds
118- Friends of the Park	\$ 2,347	Donations from private sources
300- Capt. Fac	\$ 1,084,238	Is REET #2 reserved funds
650- Deposit Fund	\$ 348	Customer deposits for projects within the City are held in trust and are not available for appropriation.

H. Other Increases & Other Decreases in Fund Resources

The City's "Other Increases/Decreases in Fund Resources" consist of the following for 2019 Interfund transactions:

- a. Transactions that would be treated as revenues, expenditures or expenses if they involved external organizations, such as buying goods and services or payments in lieu of taxes, are similarly treated when they involve other funds of the city.
- b. Transfers to support the operations of other funds are recorded as "Operating Transfers" and classified with "Other Financing Sources or Uses."

NOTE 2 – BUDGETS

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

For the year ending December 31, 2019			
FUND/DEPARTMENT	Final Appropriated Amounts	Actual Expenditures	Variance
001 GENERAL FUND:	3,496,574	3,062,646	-433,928
101 STREET FUND:	270,953	239,073	-31,880
105 PARKS AQU & DEV	30,000	4,485	-25,515

108 CAPT. EQUIP PURCHASE	68,500	24,895	-43,605
111 CAPT. IMPROVEMENT	217,211	153,149	-64,062
118 FRIENDS OF THE PARK	1,000	665	-335
119 PARK MITIGATION	0	0	-0
120 DRUG FORFEITURE	600	0	-600
201 CITY HALL DEBT SERVICE	47,545	47,325	-220
300 CAPT. FACILITIES	693,859	29,919	-663,940
400 SEWER FUND	2,054,536	2,012,903	-41,633
407 STORMWATER MGMT	346,470	296,929	-49,541
650 DEPOSITS	15,000	25,162	10,162

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

NOTE 3 – DEPOSITS & INVESTMENTS

Investments are reported at amortized cost. Investments by type at December 31, 2019 are as follows:

<u>Type of Deposit or Investment</u>	<u>Balance</u>
Bank Deposits	\$ 806,420.12
L.G.I.P.	\$9,171,623.05
Total	\$9,978,043.17

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

Investments in the State Local Government Investment Pool (LGIP)

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

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

Custodial Credit Risk

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

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

NOTE 4 - PROPERTY TAXES

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

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

The City's regular levy for 2019 was \$1.129 per \$1,000 on an assessed valuation of \$1,303,761,575 for a regular total levy of \$1,153,774.

Special levies approved by the voters are not subject to the limitations listed above. In 2019, the City of Brier had an EMS levy of \$466,469 at a levy rate of \$.50000 per thousand.

NOTE 5 – DEBT SERVICE REQUIREMENTS

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

The debt service requirements for general obligation bonds, revenue bonds and the L.O.C.A.L. Loan Program including interest are as follows:

Year	2004 State of WA Loan Program	Interest	Total Debt
2019	45,013	932	45,945
TOTALS	\$45,013		\$45,945

NOTE 6 - PENSION PLANS

STATE SPONSORED PENSION PLANS

Substantially all city 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, PERS 3 AND LEOFF 2).

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:

	Allocation %	Liability (Asset)
PERS 1	%.005013	\$192,768
PERS 2/3	.006471	\$62,855
LEOFF 1	.001303	\$(25,755)
LEOFF 2	.0015333	\$(355,219)

LEOFF Plan 1

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

LEOFF Plan 2

The city also participates in the LEOFF Plan 2. The Legislature, by means of a special funding arrangement, appropriates money from the state general fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board.

This special funding situation is not mandated by the state constitution and could be changed by statute.

NOTE 7 - DEFERRED COMPENSATION PLAN

The city does not contribute to but offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is with the State of Washington Department of Retirement Systems Committee for Deferred Compensation. The plan, available to eligible employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

In June, 1998 the State of Washington Deferred Compensation Program plan assets were placed into trust for the exclusive benefit of participants and their beneficiaries. Pursuant to Governmental Accounting Standards Board (GASB) Statement 32, since the City is no longer the owner of these assets, as of 12-31-98, the plan assets and liabilities are no longer reported as an Agency Fund.

NOTE 8 – JOINT VENTURE

SERS

The City entered into a single joint venture with Snohomish County and other local governments in the establishment and operations of the Snohomish County Emergency Radio System (SERS). SERS was absorbed into the SNOHOMISH COUNTY 911 system and is no longer a separate joint venture.

SNOHOMISH COUNTY 911

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

In the event of the dissolution of SNOHOMISH COUNTY 911, any money in the possession of SNOHOMISH COUNTY 911 or the Board of Directors after payment of all costs, expenses and charges validly incurred under this Agreement shall be returned to the parties to this Agreement in proportion to their contribution during the fiscal year of dissolution. Before deducting the payment of all costs, expenses and charges validly incurred, the City of Brier's share was \$207,132 on December 31, 2019.

Complete financial statements for SNOHOMISH COUNTY 911 can be obtained from SNOHOMISH COUNTY 911's administrative office at 1121 SE Everett Mall Way, Suite 200, Everett, WA 98208.

NOTE 9 – OPEB

The LEOFF I Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by the City of Brier as required by RCW 41.26.150. The plan pays for 100% of eligible retirees' healthcare costs on a pay-as-you-go basis. As of December 31, 2019, the plan had 1 member, all retirees. For the year ending December 31, 2019, the City of Brier paid \$13,155.00 in benefits.

The City of Brier administers the Long Term Disability Plan. For the year ending December 31, 2019, the plan 1 retiree and the City of Brier contributed \$9,278.15 in premium payments.

NOTE 10 – RISK MANAGEMENT

The city of Brier 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. 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.

NOTE 11 – HEALTH & WELFARE

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

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

As of December 31, 2019, 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 2019, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Commencement Bay Risk Management, 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 Trust HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the AWC Trust HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the AWC Trust HCP. Similarly, the terminating member forfeits all rights and interest to the AWC Trust HCP Account.

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

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

NOTE 12 – SIGNIFICANT 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. Because the City of Brier is small and has no commercial activity, the direct impact of the Stay-Home order has been minimal. City Hall was not closed to the public until November 2020 as we had little to no foot traffic, access to City Hall can be made by appointment. The City has implemented the ability to provide the public with remote access to scheduled Council meetings. The length of time these measures will be in place, and the full extent of the financial impact on the City is unknown at this time.

CITY OF BRIER

NOTES TO FINANCIAL STATEMENTS

January 1, 2018 through December 31, 2018.

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Fiduciary funds account for assets held by the city in a trustee capacity or as an agent on behalf of others.

- Custodial Funds (Funds in the 600 series)

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

B. Basis of Accounting and Measurement Focus

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

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

C. Cash & Investments

See NOTE 2, Deposits and Investments.

D. Capital Assets

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

E. Compensated Absences

The General and Proprietary Revenue funds recognize vacation benefits only when paid, although this practice does not conform to generally accepted accounting principles.

Unless otherwise approved by the Mayor, vacation time shall be taken within the twelve (12) month period following the period for which it is accumulated and may not be extended beyond twice the annual rate without approval of the Mayor. An employee whose service is terminated or who resigns shall be paid for any accumulated, unused vacation at their current rate of pay.

Accrued but unused sick leave shall be converted to pay on the following basis:

- a. Termination - voluntary, (provided two (2) weeks notice is given) or discharge: Twenty percent (20%) of up to seven hundred twenty (720) hours unused sick leave.
- b. Termination - by layoff: Thirty-three percent (33%) of up to seven hundred twenty (720) hours unused sick leave.
- c. Retirement (or death): One hundred percent (100%) of the first two hundred (200) hours unused sick leave. Thirty-three percent (33%) of up to five hundred twenty (520) remaining hours of unused sick leave. Conversion of unused sick leave shall not be for more than a total of seven hundred twenty (720) hours.

Compensation time is earned by union employees with a maximum accrual of 50 hours. It shall be taken within a reasonable amount of time after it is earned, unless the Department Head or Mayor determines that such would be unduly disruptive to the City's operations. In the event of separation of an employee, any accumulated compensation time shall be paid at the employee's current rate of pay.

F. Long-Term Debt See Note #4, Debt Service Requirements.

G. Reserved Portion of Ending Cash & 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 the City Council. When expenditures that meet restrictions are incurred, the city intends to use reserved resources first before using unreserved amounts.

FUND	AMOUNT	DETAIL
001- General	\$ 63,920	Is reserved funds for the CTED Programs 1-3/Tree replacement funds
105- Parks Aqu	\$ 516,748	Is REET #1 reserved funds
111- Capt. Impr	\$ 161,737	Is REET #1 reserved funds
118- Friends of the Park	\$ 2,085	Donations from private sources
300- Capt. Fac	\$ 892,454	Is REET #2 reserved funds
650- Deposit Fund	\$ 348	Customer deposits for projects within the City are held in trust and are not available for appropriation.

H. Other Financing Sources/Uses

The City's "Other Financing Sources/Uses" consist of the following for 2018 Interfund transactions:

- Transactions that would be treated as revenues, expenditures or expenses if they involved external organizations, such as buying goods and services or payments in lieu of taxes, are similarly treated when they involve other funds of the city.
- Transfers to support the operations of other funds are recorded as "Operating Transfers" and classified with "Other Financing Sources or Uses."

NOTE 2 – BUDGETS

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

For the year ending December 31, 2018			
FUND/DEPARTMENT	Budget	Actual	Variance
001 GENERAL FUND:	3,419,305	3,185,307	-233,998
101 STREET FUND:	252,900	195,286	-57,614
105 PARKS AQU & DEV	30,000	0	-30,000
108 CAPT. EQUIP PURCHASE	33,500	5,623	-27,877
111 CAPT. IMPROVEMENT	571,800	438,690	-133,110
118 FRIENDS OF THE PARK	1,000	521	-479
119 PARK MITIGATION	40,000	0	-40,000

120 DRUG FORFEITURE	600	0	-600
201 CITY HALL DEBT SERVICE	94,825	94,703	-122
300 CAPT. FACILITIES	37,100	27,100	-10,000
400 SEWER FUND	1,959,900	1,871,357	-88,543
407 STORMWATER MGMT	329,670	273,842	-55,828
650 DEPOSITS	25,150	8,500	-16,650

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

NOTE 3 – DEPOSITS & INVESTMENTS

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

All deposits and certificates of deposit are covered by the Federal deposit Insurance Corporation or the Washington Public Deposit Protection Commission. All investments are insured, registered or held by the city or its agent in the government's name.

Investments are reported at amortized cost. Investments by type at December 31, 2018 are as follows:

<u>Type of Investment</u>	<u>Balance</u>
L.G.I.P.	\$8,415,237.33

NOTE 4 - PROPERTY TAXES

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

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

The City's regular levy for 2018 was \$0.961 per \$1,000 on an assessed valuation of \$1,181,366,250 for a regular total levy of \$1,135,524.

Special levies approved by the voters are not subject to the limitations listed above. In 2018, the City of Brier had an EMS levy of \$459,095 at a levy rate of \$.50000 per thousand.

NOTE 5 – DEBT SERVICE REQUIREMENTS

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the City of Brier and summarizes the City of Brier's debt transactions for year ended December 31, 2018.

The debt service requirements for general obligation bonds, revenue bonds and the L.O.C.A.L. Loan Program including interest are as follows:

Year	2004 State of WA Loan Program	Interest	Total Debt
2018	90,044	4,659	94,703
2019	45,013	932	45,945
TOTALS	\$135,057	5,591	\$140,648

NOTE 6 - PENSION PLANS

Substantially all city 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 1, PERS 2, PERS 3, LEOFF 1 AND LEOFF 2).

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, 2018 (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:

	Allocation %	Liability (Asset)
PERS 1	%.00554	\$247,418
PERS 2/3	.006894	\$117,709
LEOFF 1	.001280	\$(23,238)
LEOFF 2	.0016735	\$(339,757)

LEOFF Plan 1

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

LEOFF Plan 2

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

NOTE 7 - DEFERRED COMPENSATION PLAN

The city offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is with the State of Washington Department of Retirement Systems Committee for Deferred Compensation. The plan, available to eligible employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

In June, 1998 the State of Washington Deferred Compensation Program plan assets were placed into trust for the exclusive benefit of participants and their beneficiaries. Pursuant to Governmental Accounting Standards Board (GASB) Statement 32, since the City is no longer the owner of these assets, as of 12-31-98, the plan assets and liabilities are no longer reported as an Agency Fund.

NOTE 8 – JOINT VENTURE

SERS

The City entered into a single joint venture with Snohomish County and other local governments in the establishment and operations of the Snohomish County Emergency Radio System (SERS). The purpose of the venture is to equip and operate a radio system primarily for the use of public safety agencies. Control of this joint venture is shared equitably by the controlling organizations. This entity is reported as a governmental joint venture. The City of Brier's share of the assets and equity as of December 31, 2018 was \$59,976.

The Snohomish County Emergency Radio System is considered a separate reporting entity. Each participant's share of authority is defined by the terms of the enabling charter. Control is represented by the City Council and Board of County Commissioners and is divided between the

County and the participating cities. Separate financial statements can be obtained from Snohomish County.

SNOHOMISH COUNTY 911

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

In the event of the dissolution of SNOHOMISH COUNTY 911, any money in the possession of SNOHOMISH COUNTY 911 or the Board of Directors after payment of all costs, expenses and charges validly incurred under this Agreement shall be returned to the parties to this Agreement in proportion to their contribution during the fiscal year of dissolution. Before deducting the payment of all costs, expenses and charges validly incurred, the City of Brier's share was \$189,330 on December 31, 2018.

Complete financial statements for SNOHOMISH COUNTY 911 can be obtained from SNOHOMISH COUNTY 911's administrative office at 1121 SE Everett Mall Way, Suite 200, Everett, WA 98208.

NOTE 9 – OPEB

The LEOFF I Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by the City of Brier as required by RCW 41.26.150. The plan pays for 100% of eligible retirees' healthcare costs on a pay-as-you-go basis. As of December 31, 2018, the plan had 1 member, all retirees. For the year ending December 31, 2018, the City of Brier paid \$9,498.40 in benefits.

The City of Brier administers the Long Term Disability Plan. For the year ending December 31, 2018, the plan 1 retiree and the City of Brier contributed \$9,794.40 in premium payments.

NOTE 10 – RISK MANAGEMENT

The city of Brier 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 160 members.

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

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, errors or omissions, stop gap, employment practices 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.

City of Brier
Schedule of Liabilities
For the Year Ended December 31, 2019

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
263.96	City Hall - LOCAL loan	6/30/2019	45,012	-	45,012	-
Total General Obligation Debt/Liabilities:			45,012	-	45,012	-
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated absences	12/31/2019	33,139	11,199	-	44,338
259.12	Compensated absences - Proprietary	12/31/2019	22,064	-	1,028	21,036
264.30	Pension Liability	12/31/2019	365,127	-	109,504	255,623
264.40	OPEB	12/31/2019	669,451	-	-	669,451
Total Revenue and Other (non G.O.) Debt/Liabilities:			1,089,781	11,199	110,532	990,448
Total Liabilities:			1,134,793	11,199	155,544	990,448

City of Brier
Schedule of Liabilities
For the Year Ended December 31, 2018

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
263.96	City Hall - LOCAL loan	12/31/2018	135,056	-	90,044	45,012
	Total General Obligation Debt/Liabilities:		135,056	-	90,044	45,012
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated absences	12/31/2018	35,477	1,439-	0	36,916
259.12	Compensated absences - Proprietary	12/31/2018	21,940	124	-	22,064
264.30	Pension Liability	12/31/2018	500,421	-	135,294	365,127
	Total Revenue and Other (non G.O.) Debt/Liabilities:		557,838	1,563	135,294	424,107
	Total Liabilities:		692,894	1,563	225,338	469,119

ABOUT THE STATE AUDITOR'S OFFICE

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

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

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We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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