



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Town of Concrete

For the period January 1, 2020 through December 31, 2020

Published July 22, 2021

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

July 22, 2021

Mayor and Town Council
Town of Concrete
Concrete, Washington

Report on Financial Statements and Federal Single Audit

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

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

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Town of Concrete **January 1, 2020 through December 31, 2020**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

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

Financial Statements

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

Internal Control over Financial Reporting:

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

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

Federal Awards

Internal Control over Major Programs:

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

We issued an unmodified opinion on the Town’s compliance with requirements applicable to each of its major federal programs.

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

Identification of Major Federal Programs

The following programs were selected as major programs in our audit of compliance in accordance with the Uniform Guidance.

<u>CFDA No.</u>	<u>Program or Cluster Title</u>
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii
66.468	Drinking Water State Revolving Fund Cluster – Capitalization Grants for Drinking Water State Revolving Funds

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

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

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

INDEPENDENT AUDITOR'S REPORT

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

Town of Concrete January 1, 2020 through December 31, 2020

Mayor and Town Council
Town of Concrete
Concrete, 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 Town of Concrete, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's financial statements, and have issued our report thereon dated July 15, 2021.

We issued an unmodified opinion on the fair presentation of the Town'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 Town 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 10 to the 2020 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the Town is unknown.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

July 15, 2021

INDEPENDENT AUDITOR'S REPORT

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

Town of Concrete January 1, 2020 through December 31, 2020

Mayor and Town Council
Town of Concrete
Concrete, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the compliance of the Town of Concrete, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended December 31, 2020. The Town's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the Town's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

Our consideration of internal control over compliance 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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

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

Pat McCarthy, State Auditor

Olympia, WA

July 15, 2021

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

Town of Concrete **January 1, 2020 through December 31, 2020**

Mayor and Town Council
Town of Concrete
Concrete, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Town of Concrete, for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's financial statements, as listed on page 15.

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 Town'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 Town'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 Town of Concrete 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 Town of Concrete, and its changes in cash and investments, for the year ended December 31, 2020, 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 Town 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 Town of Concrete, as of December 31, 2020, 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 10 to the 2020 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the Town is unknown. 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 Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Schedule of Liabilities is also presented for purposes of additional analysis, as required by the prescribed BARS manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2021 on our consideration of the Town'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 Town's internal control over financial reporting and compliance.



Pat McCarthy, State Auditor

Olympia, WA

July 15, 2021

FINANCIAL SECTION

Town of Concrete January 1, 2020 through December 31, 2020

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2020
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2020
Notes to Financial Statements – 2020

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2020
Schedule of Expenditures of Federal Awards – 2020
Notes to the Schedule of Expenditures of Federal Awards – 2020

Town of Concrete
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2020

		Total for All Funds (Memo Only)	001 General Fund	305 Fire Reserve Fund	307 Capital Improvements Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	538,775	67,453	55,932	53,911
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	836,199	791,754	10,238	34,207
320	Licenses and Permits	24,059	24,059	-	-
330	Intergovernmental Revenues	1,445,524	110,665	30,000	-
340	Charges for Goods and Services	1,143,779	3,756	-	-
350	Fines and Penalties	99	99	-	-
360	Miscellaneous Revenues	68,183	10,294	5,235	245
Total Revenues:		3,517,843	940,627	45,473	34,452
Expenditures					
510	General Government	288,684	288,684	-	-
520	Public Safety	360,846	330,846	30,000	-
530	Utilities	553,181	-	-	-
540	Transportation	152,333	99,246	-	-
550	Natural/Economic Environment	92,435	92,435	-	-
560	Social Services	5,702	5,702	-	-
570	Culture and Recreation	24,181	24,181	-	-
Total Expenditures:		1,477,362	841,094	30,000	-
Excess (Deficiency) Revenues over Expenditures:		2,040,481	99,533	15,473	34,452
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	3,260,934	-	-	-
397	Transfers-In	20,000	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	15,329	14,285	-	-
Total Other Increases in Fund Resources:		3,296,263	14,285	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	2,233,058	4,490	10,228	3,756
591-593, 599	Debt Service	2,863,309	2,343	-	483
597	Transfers-Out	20,000	20,000	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	33,037	31,329	-	-
Total Other Decreases in Fund Resources:		5,149,404	58,162	10,228	4,239
Increase (Decrease) in Cash and Investments:		187,340	55,656	5,245	30,213
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	-
50841	Committed	-	-	-	-
50851	Assigned	726,097	123,113	61,177	84,123
50891	Unassigned	21	-	-	-
Total Ending Cash and Investments		726,118	123,113	61,177	84,123

The accompanying notes are an integral part of this statement.

Town of Concrete
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2020

		401 Airport Fund	406 Sewer Fund	407 Water Fund
Beginning Cash and Investments				
308	Beginning Cash and Investments	2,932	111,359	247,188
388 / 588	Net Adjustments	-	-	-
Revenues				
310	Taxes	-	-	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	-	731,784	573,075
340	Charges for Goods and Services	16,112	658,056	465,855
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	30,858	20,472	1,079
Total Revenues:		46,970	1,410,312	1,040,009
Expenditures				
510	General Government	-	-	-
520	Public Safety	-	-	-
530	Utilities	-	423,581	129,600
540	Transportation	53,087	-	-
550	Natural/Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
Total Expenditures:		53,087	423,581	129,600
Excess (Deficiency) Revenues over Expenditures:		(6,117)	986,731	910,409
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	2,613,919	647,015
397	Transfers-In	20,000	-	-
385	Special or Extraordinary Items	-	-	-
381, 382, 389, 395, 398	Other Resources	1,044	-	-
Total Other Increases in Fund Resources:		21,044	2,613,919	647,015
Other Decreases in Fund Resources				
594-595	Capital Expenditures	1,070	740,860	1,472,654
591-593, 599	Debt Service	771	2,838,348	21,364
597	Transfers-Out	-	-	-
585	Special or Extraordinary Items	-	-	-
581, 582, 589	Other Uses	1,708	-	-
Total Other Decreases in Fund Resources:		3,549	3,579,208	1,494,018
Increase (Decrease) in Cash and Investments:		11,378	21,442	63,406
Ending Cash and Investments				
50821	Nonspendable	-	-	-
50831	Restricted	-	-	-
50841	Committed	-	-	-
50851	Assigned	14,288	132,802	310,594
50891	Unassigned	21	-	-
Total Ending Cash and Investments		14,309	132,802	310,594

The accompanying notes are an integral part of this statement.

Town of Concrete
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2020

		<u>Custodial</u>
308	Beginning Cash and Investments	-
388 & 588	Net Adjustments	-
310-390	Additions	1,600
510-590	Deductions	<u>1,622</u>
	Net Increase (Decrease) in Cash and Investments:	(22)
508	Ending Cash and Investments	(21)

The accompanying notes are an integral part of this statement.

Town of Concrete
NOTES TO FINANCIAL STATEMENTS
JANUARY 1, 2020 THROUGH DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Concrete was incorporated in 1909 and operates under the laws of the State of Washington applicable to a town with a Mayor-Council form of government. The Town of Concrete is a general purpose government and provides fire protection/prevention, street improvements, parks and recreation, and general administrative services. In addition the Town owns and operates a water system and a sewer system as well as an airport.

The Town of Concrete 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 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 funds types are used:

GOVERNMENTAL FUND TYPES

General (Current Expense) Fund (001)

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

Capital Project Funds (300 – 399)

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 Funds (400-499)

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

FIDICIARY FUND TYPES:

Custodial Funds (630-699)

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

c. Cash and Investments

See Note 3, Deposits and Investments

d. Capital Assets

Capital assets are assets with an initial individual cost of more than \$250.00. The capital assets of the Town of Concrete are recorded as expenditures when purchased.

e. Compensated Absences

Vacation leave may be accumulated up to 144 hours and is payable upon separation or retirement.

Sick leave may accumulate up to 560 hours. Employees will be paid for any unused sick leave upon their retirement after more than 20 years of employment, but not upon any other termination from Town service at the ratio of four days to one (one day pay for every 4 days accrued).

Executive leave and comp time may be accumulated up to 40 hours unless authorized by the Mayor to exceed the 40 hours and is payable upon separation or retirement.

Payments are recognized as expenditures when paid.

f. Long-Term Debt

See Note 5 – Long Term Debt

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 the Town of Concrete Town Council or any other State or Federally imposed restrictions. When expenditures that meet restrictions are incurred, the Town of Concrete intends to use reserved resources first before using unreserved amounts.

NOTE 2 – BUDGET COMPLIANCE

The Town of Concrete adopts annual appropriated budgets for General (current expense), General Reserve, Street, Street Reserve, Water Reserve, Fire Reserve, Sewer Reserve, Capital Improvement, Airport, Airport Reserve, Sewer, Water and Custodial funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

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

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

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund	\$858,534.00	\$858,450.22	\$83.78
General Reserve Fund	\$85,100.00	\$0.00	\$85,100.00
Street Fund	\$108,874.00	\$102,802.06	\$6,071.94
Street Reserve Fund	\$6,510.00	\$0.00	\$6,510.00
Fire Reserve Fund	\$95,150.00	\$40,228.15	\$54,921.85
Capital Improvement Fund	\$42,575.00	\$4,239.77	\$38,335.23
Airport Fund	\$65,857.00	\$63,795.85	\$2,061.15
Airport Reserve Fund	\$10,015.00	\$1,840.73	\$8,174.27
Sewer Reserve Fund	\$486,075.00	\$222,093.31	\$263,981.69
Sewer Fund	\$4,111,394.00	\$3,858,944.15	\$252,449.85
Water Fund	\$477,150.00	\$471,964.91	\$5,185.09
Water Reserve Fund	\$1,691,000.00	\$1,476,652.73	\$214,347.27
Custodial Fund	\$2,000.00	\$1,621.15	\$378.85
TOTALS	\$8,040,234.00	\$7,102,633.03	\$937,600.97

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 Town of Concrete's legislative body.

NOTE 3 –DEPOSITS AND INVESTMENTS

A. Deposits

Cash on hand at December 31, 2020 was \$580.00 (petty cash and cash drawers). The carrying amount of the Town of Concrete's deposits, including certificates of deposit, was \$726,095.33 (ledger balance) and the bank balance was \$934,101.96 (bank statement/investment balances).

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the Town of Concrete 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 Town of Concrete deposits, 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 Town or its agent in the governments name.

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

Investments are reported at original cost.

Investments by type at December 31, 2020 are as follows:

Type of Investment	Town of Concrete Own investments	Total
Municipal Savings Accounts	\$615,416.23	\$615,416.23
Time Value Investments	\$136, 508.12	\$136, 508.12
Total	\$751,924.35	\$751,924.35

NOTE 4 – PROPERTY TAX

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

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

The Town of Concrete's regular levy for the year 2020 was 3.1049 per \$1,000 on an assessed valuation of \$165,399,083.00 for a total regular levy of \$513,561.00.

NOTE 5 – LONG TERM DEBT

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the Town of Concrete and summarizes the Town of Concrete's debt transactions for the 2020 budget year. The debt service requirements for revenue bonds, are as follows:

<u>Year/s</u>	<u>Interest Totals</u>	<u>Principle Totals</u>	<u>Total Interest and Principle</u>
2020	\$151,980.77	\$2,711,330.01	\$2,854,389.78
2021	\$79,973.61	\$165,976.03	\$245,949.64
2022	\$87,843.93	\$157,651.30	\$245,631.31
2023	\$84,991.42	\$137,722.49	\$222,713.91
2024	\$82,621.34	\$133,476.30	\$216,097.64
2025-2029	\$376,588.08	\$644,942.73	\$1,021,530.81
2030-2034	\$310,120.94	\$602,885.91	\$913,006.85
2035-2039	\$234,551.96	\$669,505.87	\$904,057.83
2040-2044	\$152,030.13	\$567,753.77	\$719,783.90
2045-2049	\$62,635.47	\$657,148.49	\$719,783.96
2050-2054	\$6,528.12	\$38,076.88	\$44,605.00
2055-2059	\$2,563.31	\$42,041.69	\$44,605.00
Totals	\$1,632,429.08	\$6,528,511.47	\$8,160,940.55

Corrections made during audit to account for updated amortization schedules occurred in 2018 (for years prior) and therefore this table may not tie out to previous reports. New loans have also been added or existing loans amended or paid off over the last few years, which may also cause the table to not tie out to previous years. DOH provided loan amortization schedule does not correlate to what has been received and will most likely update completely once the loan funds are fully received and the loan finalized.

NOTE 6 – PENSION PLANS

A. State Sponsored Pension Plans

Substantially all Town of Concrete full-time and qualifying part-time employees participate in the following statewide retirement systems: Public Employees Retirement Systems (PERS) and Law Enforcement Officers and Fire Fighters (LEOFF) administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans.

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

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
PO Box 48380
Olympia, WA 98504-8380

Also, the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

The Town of Concrete also participates in the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund (VFFRPF) administered by the State Board for Volunteer Fire Fighters and Reserve Officers. Detailed information about the plan is included in the State of Washington CAFR available from the Office of Financial Management website www.ofm.wa.gov.

At June 30, 2020, the Town of Concrete's proportionate share of the collective net pension liabilities, as reported on the Schedule 9, was as follows:

	Allocation %	Liability (Asset)
PERS 2/3	.001901%	\$24,313
PERS 1	.0014520%	\$51,263
LEOFF 1	.003499%	(\$65,135)
VFFRPF	.28%	(\$97,964.48)

The Town of Concrete 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.

NOTE 7 – RISK MANAGEMENT

The Town of Concrete is a member of the Association of Washington Cities Risk Management Service Agency (AWC RMSA). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or

hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC RMSA was formed on January 1, 1989, when 32 municipalities in the State of Washington joined by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 31, 2020, 103 municipalities/entities participate in the AWC RMSA pool.

The AWC RMSA allows members to establish a program of joint insurance and provides risk management services to all members. All coverages, with the exception of pollution liability, are on an occurrence basis. The AWC RMSA provides all risk property, comprehensive crime, general liability, automobile liability, police liability, public officials' liability, employee fidelity and faithful performance, pollution liability, cyber liability, and equipment breakdown insurance coverage. Equipment breakdown is included with the property insurance carrier and fidelity (crime), pollution liability, and cyber liability coverages are stand-alone policies, which the AWC RMSA procures for its members. The AWC RMSA also allows members with airports to group purchase airport liability coverage.

Members pay an annual assessment to the AWC RMSA. The AWC RMSA is responsible for payment of all covered causes of loss against the jurisdiction above the stated retention. All members in the AWC RMSA have \$15 million in both per occurrence and aggregate liability limits. For the first \$1 million in liability limits, AWC RMSA is self-insured for its Self-Insured Retention (SIR) of \$250,000, per occurrence, and is reinsured by National League of Cities Mutual Insurance Company (NLC MIC) for the additional \$750,000. The \$9 million in excess liability coverage limits is provided through an excess liability policy purchased from Argonaut Insurance Company. The \$5 million in excess liability coverage limits above the first layer of excess coverage is purchased from Hallmark Specialty Insurance Company. Since AWC RMSA is a cooperative program, there is joint liability among the participating members. The reinsurance coverage is purchased through NLC MIC and excess property coverage is purchased through Lexington Insurance Company and CHUBB in 2020, AWC RMSA carried a retention of \$200,000, NLC MIC reinsures up to \$3 million, Lexington provides excess insurance up to \$50 million, and limits up to \$250 million. All commercial policies have been purchased through the Pool's Broker of Record, Aon.

Members contract to remain in the AWC RMSA pool for a minimum of one year and must give a one-year notice before terminating participation. Even after termination, a member is still responsible for contributions to the Pool for any unresolved, unreported, and in-process claims for the period they were signatory to the Interlocal Governmental Agreement.

The AWC RMSA establishes a loss fund for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses.

In accordance with WAC 200.100.02023, the AWC RMSA is governed by a board of directors, which is comprised of elected officials of participating members.

NOTE 8 – COMPONENT UNIT(S), JOINT VENTURES, AND RELATED PARTIES

Related Parties

The current Mayor is the owner/editor of the Concrete Herald and in 2020 the town paid \$1,644.90 for publication services.

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS:

The LEOFF I Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by the Town of Concrete as required by RCW 41.26. The plan pays for 100% of eligible retirees' healthcare costs on a pay-as-you-go basis. As of December 31, 2020, the plan had 1 members, all retirees. As of December 31, 2020, the Town of Concrete's total OPEB liability was \$1,438,571, as calculated using the alternative measurement method. This amount is 50% of the total OPEB, which the Town of Concrete shares with the Town of Darrington. For the year ended December 31, 2020, the Town of Concrete paid \$5,367.75 in benefits. (See Note 10, Other Disclosures – Significant Commitments or Obligations.

NOTE 10 – COVID-19 PANDEMIC

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, canceling public events, prohibiting public and private gatherings, and requiring people to stay home unless they are leaving for an essential function.

The Town of Concrete declared an emergency at the local level, which was to remain in effect until at least December 31, 2020 unless otherwise canceled. The full extent of the financial impact on the Town is unknown at this time.

NOTE 11 – OTHER DISCLOSURES

The Town Council approved five (5) separate ordinances amending the original 2020 budget. The approved ordinances included:

- Ordinance #815 for the Sewer Reserve, Sewer Fund and Water Reserve Fund
- Ordinance #819 for the General Fund, Fire Reserve Fund and Water Reserve Fund
- Ordinance #821 for the General Fund and Water Fund
- Ordinance #824 for the Street Fund
- Ordinance #825 for the Sewer Fund

The Town of Concrete rolled-up the following funds for reporting purposes:

- Water Reserve Fund 408 and Water Fund 407 rolled into Water Fund 407
- Sewer Reserve Fund 405 and Sewer Fund 406 rolled into Sewer Fund 406
- Street Fund 103, Street Fund Reserve 104, General Fund 001 and General Fund Reserve 002 are rolled into the General Fund 001
- Airport Fund 401 and Airport Reserve Fund 402 rolled into the Airport Fund 401

Schedule 9 includes the financing of three of the USDA loans, which includes their payoff and the new loan.

Significant Commitments or Obligations

The Town of Concrete in conjunction with the Town of Darrington pays medical insurance for a reserve officer who was injured on the job while working for both the Town of Concrete and the Town of Darrington. This has been an expense since 2005. The Town of Concrete has a commitment to pay for past employment benefits for employees that belong to LEOFF1. These benefits include medical, dental and vision. One retiree received benefits during the year, of which \$5,367.75 was paid out by the town. Also see Note 9.

Compliance and Accountability

The Town was able to refinance three of its four USDA loans through one loan from Savi Bank in 2020. These numbers are included in the Schedule 9.

Interlocal Agreements

- Skagit County – Law Enforcement Services
- Skagit County – Facility Management
- Skagit County – Senior and Community Services
- Skagit County – Drug Enforcement Partners
- Skagit County – Emergency Management Council
- Skagit County – Emergency Medical Services
- Skagit County – Fire Marshal Services
- Skagit County – SHB 2163
- Skagit County – SHB 2060
- Skagit County – Solid Waste Management
- Skagit County – Interlocal Services
- Skagit County – Urban Growth Area
- Skagit County – Home Consortium
- Skagit County – Bridge Inspections
- Skagit County – GIS Mapping Services
- Skagit County – Skagit 911
- Skagit County Jurisdictions – Mutual Aid for Fire and Emergency Services
- City of Sedro-Woolley – Fire Truck

HEALTH AND WELFARE

The Town of Concrete 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, 2020, 262 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.

In April 2020, the Board of Trustees adopted a large employer policy, requiring newly enrolling groups with 600 or more employees to submit medical claims experience data in order to receive a quote for medical coverage. Outside of this, the AWC Trust HCP pools claims without regard to individual

member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all current members.

The AWC Trust HCP includes medical, dental and vision insurance through the following carriers: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, 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 2020, 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 HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the HCP. Similarly, the terminating member forfeits all rights and interest to the HCP Account.

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and two appointed individuals from the AWC Board of Directors, who are from Trust member cities or towns. The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW. 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 Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The 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 this report. 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.

**Town of Concrete
Schedule of Liabilities
For the Year Ended December 31, 2020**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
Revenue and Other (non G.O.) Debt/Liabilities						
263.88	PWTF Loan #1	7/1/2022	40,822	-	13,607	27,215
263.88	PWTF Loan #2	7/1/2024	28,553	-	5,711	22,842
263.82	USDA #1	11/21/2047	1,160,651	-	1,160,651	-
263.82	USDA #2	11/21/2047	278,704	-	278,704	-
263.82	USDA #3	1/15/2049	1,196,067	-	1,196,067	-
263.84	DOE SRF	11/30/2028	224,052	-	24,895	199,157
259.12	Year End Compensated Liabilities	12/30/2020	19,992	-	7,584	12,408
263.82	DOH SRF	12/31/2039	349,474	647,015	14,471	982,018
264.30	Net Pension Liability	6/30/2020	76,476	-	900	75,576
263.92	CAT Financial	5/7/2023	47,638	-	13,364	34,274
263.82	USDA #4	7/11/2059	244,000	-	4,883	239,117
252.11	Savi Loan	11/1/2049	-	2,613,919	-	2,613,919
264.40	OPEB	12/31/2020	403,103	1,035,469	-	1,438,572
Total Revenue and Other (non G.O.) Debt/Liabilities:			4,069,532	4,296,403	2,720,837	5,645,098
Total Liabilities:			4,069,532	4,296,403	2,720,837	5,645,098

Town of Concrete
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Note
				From Pass- Through Awards	From Direct Awards	Passed through to Subrecipients	
RURAL UTILITIES SERVICE, AGRICULTURE, DEPARTMENT OF	Water and Waste Disposal Systems for Rural Communities	10.760	Inflow and Infiltration Repairs	-	212,436	-	124
Community Facilities Loans and Grants Cluster							
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Community Facilities Loans and Grants	10.766	Fire Portable Radios	-	30,000	-	124
Total Community Facilities Loans and Grants Cluster:				-	30,000	-	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Washington State Department of Commerce)	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	18-62210-020	360,208	-	-	12
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Washington State Department of Commerce)	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	19-62210-022	550,000	-	-	124
Total CFDA 14.228:				910,208	-	-	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Washington State Department of Commerce)	COVID 19 - Coronavirus Relief Fund	21.019	20-6541C-148	33,500	-	-	12
Drinking Water State Revolving Fund Cluster							

Town of Concrete
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

	Federal Agency (Pass-Through Agency)	Expenditures					Passed through to Subrecipients	Note
		Federal Program	CFDA Number	Other Award Number	From Pass- Through Awards	From Direct Awards	Total	
	ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY (via Washington State Department of Health and Washington State Department of Commerce)	Capitalization Grants for Drinking Water State Revolving Funds	66.468	DM16-952-024	758,926	-	758,926	1234
		Total Drinking Water State Revolving Fund Cluster:			758,926	-	758,926	
		Total Federal Awards Expended:			1,702,634	242,436	1,945,070	

The accompanying notes are an integral part of this schedule.

Town of Concrete

**Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020**

Notes 1 and 2 are required for all governments. Disclose other notes only if applicable to the government's circumstances.

Note 1 – Basis of Accounting

This schedule is prepared on the same basis of accounting as the Town of Concrete's financial statements. The Town of Concrete uses "cash basis" accounting.

Note 2 – Indirect Cost Rate

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

Note 3 – Federal Loans

The Town of Concrete was approved by the Department of Health to receive a loan totaling \$1,119,000.00 for water system improvements. The amount listed for this loan includes the proceeds used during the year and the outstanding loan balance from prior years.

Both the current and prior year loans are also reported on the Town of Concrete Schedule of Liabilities.

Note 4 – Program Costs

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the Town of Concrete's portion, are more than shown. Such expenditures are recognized following, as applicable, either the cost principles in the OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

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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