



Office of the Washington State Auditor  
Pat McCarthy

# Financial Statements Audit Report

## City of Gold Bar

For the period January 1, 2022 through December 31, 2022

*Published March 28, 2024*

Report No. 1034476



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

March 28, 2024

Mayor and City Council  
City of Gold Bar  
Gold Bar, Washington

**Report on Financial Statements**

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

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

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

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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 Gold Bar January 1, 2022 through December 31, 2022**

Mayor and City Council  
City of Gold Bar  
Gold Bar, 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 Gold Bar, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated March 19, 2024.

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

## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

## **REPORT ON COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **PURPOSE OF THIS REPORT**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this

report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

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

Pat McCarthy, State Auditor

Olympia, WA

March 19, 2024

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### **City of Gold Bar January 1, 2022 through December 31, 2022**

Mayor and City Council  
City of Gold Bar  
Gold Bar, Washington

## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

### **Unmodified and Adverse Opinions**

We have audited the financial statements of the City of Gold Bar, as of and for the year ended December 31, 2022, and the related notes to the financial statements, as listed in the financial section of our report.

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

As described in Note 1, the City has prepared these financial statements to meet the financial reporting requirements of state law and accounting practices prescribed by the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) Manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash and investments of the City of Gold Bar, and its changes in cash and investments, for the year ended December 31, 2022, on the basis of accounting described in Note 1.

### **Adverse Opinion on U.S. GAAP**

The financial statements referred to above were not intended to, and in our opinion, they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Gold Bar, as of December 31, 2022, or the changes in financial position or cash flows thereof for the year then ended, because of the significance of the matter discussed below.

## **Basis for Unmodified and Adverse Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit unmodified and adverse opinions.

## **Matter Giving Rise to Adverse Opinion on U.S. GAAP**

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. As described in Note 1 of the financial statements, the financial statements are prepared by the City in accordance with state law using accounting practices prescribed by the BARS Manual, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of state law and the BARS Manual described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and



*Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time; and
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's financial statements. The Schedule of Liabilities is presented for purposes of additional analysis, as required by the prescribed BARS Manual. This schedule is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United

States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2024 on our consideration of the City's internal control over financial reporting and on the tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

March 19, 2024

## **FINANCIAL SECTION**

### **City of Gold Bar January 1, 2022 through December 31, 2022**

#### **FINANCIAL STATEMENTS**

Fund Resources and Uses Arising from Cash Transactions – 2022  
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2022  
Notes to Financial Statements – 2022

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

Schedule of Liabilities – 2022

**City of Gold Bar**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2022**

		<b>Total for All Funds (Memo Only)</b>	<b>001 General Government</b>	<b>101 City Street</b>	<b>103 Park Impact Fee Fund</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	4,074,451	860,226	70,673	8,028
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	996,107	821,027	-	-
320	Licenses and Permits	41,815	41,815	-	-
330	Intergovernmental Revenues	567,276	119,079	48,614	-
340	Charges for Goods and Services	681,901	20,786	-	13,500
350	Fines and Penalties	9,541	4,630	-	-
360	Miscellaneous Revenues	585,694	1,225	-	-
Total Revenues:		2,882,334	1,008,562	48,614	13,500
<b>Expenditures</b>					
510	General Government	286,263	236,409	-	-
520	Public Safety	422,476	422,476	-	-
530	Utilities	538,695	-	-	-
540	Transportation	120,932	-	120,932	-
550	Natural/Economic Environment	68,655	68,655	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	103,801	103,801	-	-
Total Expenditures:		1,540,822	831,341	120,932	-
Excess (Deficiency) Revenues over Expenditures:		1,341,512	177,221	(72,318)	13,500
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	35,000	-	35,000	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		35,000	-	35,000	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	178,404	18,866	-	-
591-593, 599	Debt Service	776,586	1,613	295	-
597	Transfers-Out	35,000	35,000	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	(275)	(275)	-	-
Total Other Decreases in Fund Resources:		989,715	55,204	295	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>386,797</b>	<b>122,017</b>	<b>(37,613)</b>	<b>13,500</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	1,486,141	-	33,061	21,528
50841	Committed	-	-	-	-
50851	Assigned	1,992,866	-	-	-
50891	Unassigned	982,241	982,241	-	-
<b>Total Ending Cash and Investments</b>		<b>4,461,248</b>	<b>982,241</b>	<b>33,061</b>	<b>21,528</b>

**City of Gold Bar**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2022**

		<b>104 Street Impact Fee Fund</b>	<b>301 Capital Projects Fund</b>	<b>302 General And Street Grants Fund</b>	<b>401 Water Operating</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	7,300	462,303	339,264	2,101,125
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	175,080	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	399,583	-
340	Charges for Goods and Services	-	-	-	537,759
350	Fines and Penalties	-	-	-	3,569
360	Miscellaneous Revenues	-	-	-	584,469
Total Revenues:		-	175,080	399,583	1,125,797
<b>Expenditures</b>					
510	General Government	-	-	49,854	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	394,836
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	49,854	394,836
Excess (Deficiency) Revenues over Expenditures:		-	175,080	349,729	730,961
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	2,925	21,609	41,871	72,074
591-593, 599	Debt Service	-	-	-	774,328
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		2,925	21,609	41,871	846,402
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(2,925)</b>	<b>153,471</b>	<b>307,858</b>	<b>(115,441)</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	4,375	615,774	647,122	164,281
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	1,821,403
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>4,375</b>	<b>615,774</b>	<b>647,122</b>	<b>1,985,684</b>

The accompanying notes are an integral part of this statement.

**City of Gold Bar**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2022**

		<b>415 Stormwater Fund</b>
		<hr/>
<b>Beginning Cash and Investments</b>		
308	Beginning Cash and Investments	225,532
388 / 588	Net Adjustments	-
<b>Revenues</b>		
310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	-
340	Charges for Goods and Services	109,856
350	Fines and Penalties	1,342
360	Miscellaneous Revenues	-
Total Revenues:		<hr/> 111,198
<b>Expenditures</b>		
510	General Government	-
520	Public Safety	-
530	Utilities	143,859
540	Transportation	-
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		<hr/> 143,859
Excess (Deficiency) Revenues over Expenditures:		<hr/> (32,661)
<b>Other Increases in Fund Resources</b>		
391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	-
Total Other Increases in Fund Resources:		<hr/> -
<b>Other Decreases in Fund Resources</b>		
594-595	Capital Expenditures	21,059
591-593, 599	Debt Service	350
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	-
Total Other Decreases in Fund Resources:		<hr/> 21,409
<b>Increase (Decrease) in Cash and Investments:</b>		<hr/> <b>(54,070)</b>
<b>Ending Cash and Investments</b>		
50821	Nonspendable	-
50831	Restricted	-
50841	Committed	-
50851	Assigned	171,463
50891	Unassigned	-
<b>Total Ending Cash and Investments</b>		<hr/> <b>171,463</b>

The accompanying notes are an integral part of this statement.

**City of Gold Bar**  
**Fiduciary Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2022**

		<b>Custodial</b>
308	Beginning Cash and Investments	1,172
388 & 588	Net Adjustments	-
310-390	Additions	5,155
510-590	Deductions	5,392
	Net Increase (Decrease) in Cash and Investments:	(237)
508	Ending Cash and Investments	935

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

**City of Gold Bar**  
**Notes to Financial Statements**  
**Fiscal Year 2022**

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

The City of Gold Bar was incorporated in 1910 and operates under the laws of the State of Washington applicable to a non-charter code city with a Mayor - Council form of government (RCW 35A). The City of Gold Bar is a general purpose local government and provides public safety (through contract with Snohomish County), street maintenance and improvements, parks and recreation, and general administrative services. In addition the City owns and operates a water utility and a storm water management system.

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

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed but are not included in the financial statements (see *Note #5 – Component Units, Joint Ventures, and Related Parties*).
- 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 for proprietary and fiduciary funds are presented using classifications that are different from the ending net position classifications in GAAP.

**A. Fund Accounting**

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

GOVERNMENTAL FUND TYPES:



### General Fund

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

### Special Revenue Funds

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

### Capital Projects Funds

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

### PROPRIETARY FUND TYPES:

#### Enterprise Funds

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

### FIDUCIARY FUND TYPES:

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

#### Custodial Funds

These funds are used to account for 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 of Gold Bar 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 individual cost of more than five thousand dollars (\$5,000) and an estimated useful life in excess of one (1) year. Capital assets and inventory are recorded as capital expenditures when purchased.

#### E. Compensated Absences

Vacation leave may be accumulated up to three hundred (300) hours and is payable upon separation or retirement. If an employee reaches the maximum allowed accumulation of vacation hours at the end of the year, they may request to be paid for a minimum of five percent (5%) or up to a maximum of twenty-five percent (25%) of the accrued days, *or* the difference between their accrued balance total and the maximum accumulation of three hundred (300) vacation hours.

Sick leave may be accumulated up to 480 hours. Once an accumulation of thirty (30) days sick leave has occurred, employees may convert sick leave hours to vacation hours at a ratio of 2:1.

Upon separation or retirement employees do not receive payment for unused sick leave. Payments are recognized as expenditures when paid.

#### F. Long-Term Debt

*See Note #7, Long-term Debt.*

#### G. Restricted and Committed Portion of Ending Cash and Investments

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

Restrictions and commitments of Ending Cash and Investments consist of:

2022 Restrictions and Commitments					
	Beginning Balance			Ending Balance	
Street Fund 101	\$ 70,627.56			\$ 33,060.59	Restricted
Park Impact Fund 103	\$ 8,028.20			\$ 21,528.20	Restricted
Street Impact Fund 104	\$ 7,300.00			\$ 4,375.00	Restricted
Capital Projects 301	\$ 462,303.27			\$ 615,774.20	Restricted
Grants Fund 302	\$ 339,263.60			\$ 647,121.60	Restricted
Water Fund 401	\$ 428,258.05			\$ 536,575.87	Assigned
Water Capital 403	\$ 1,508,585.82			\$ 1,284,827.34	Assigned
USDA Reserve Fund 404	\$ 74,359.64			\$ 74,359.64	Restricted
Water emergency 405	\$ 85,000.00			\$ 85,000.00	Restricted
Water Debt Service 407	\$ 4,921.08			\$ 4,921.08	Restricted
Stormwater 415	\$ 225,532.19			\$ 171,462.77	Assigned
Agency Fund 633	\$ 1,172.22			\$ 934.70	Restricted
<b>Total Reserved Funds</b>	<b>\$ 3,215,351.63</b>			<b>\$ 3,479,940.99</b>	

## **Note 2 – Budget Compliance**

The City of Gold Bar adopts annual appropriated budgets for General, Special Revenue, Capital Project, and Enterprise funds. These budgets are appropriated at the fund level. The City does not have departments to adopt budgets at the department 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 2022 budget were as follows.

Fund	Original Appropriated Amounts	Actual Expenditures	Other Decreases	Total Decreases	Variance
001 - General	\$ 895,750.00	\$ 831,341.79	\$ 55,203.84	\$ 886,545.63	\$ 9,204.37
101 - Street	\$ 77,800.00	\$ 120,931.09	\$ 295.33	\$ 121,226.42	\$ (43,426.42)
103 Park Impact	\$ 3,000.00	\$ -	\$ -	\$ -	\$ 3,000.00
104 Street Impact	\$ 3,000.00	\$ -	\$ 2,925.00	\$ 2,925.00	\$ 75.00
301 - Capital Projects	\$ 150,000.00	\$ -	\$ 21,608.59	\$ 21,608.59	\$ 128,391.41
302 - Grants	\$ 755,000.00	\$ 49,853.68	\$ 41,871.00	\$ 91,724.68	\$ 663,275.32
401 - Water	\$ 474,400.00	\$ 394,836.80	\$ 967.71	\$ 395,804.51	\$ 78,595.49
403 - Water Capital	\$ 1,613,160.00	\$ -	\$ 845,433.71	\$ 845,433.71	\$ 767,726.29
404 - USDA Reserve	\$ -	\$ -	\$ -	\$ -	\$ -
405 - Water Emergency Reserve	\$ -	\$ -	\$ -	\$ -	\$ -
407 - Water Debt	\$ 873,360.00	\$ -	\$ 773,359.64	\$ 773,359.64	\$ 100,000.36
415 - Stormwater	\$ 109,500.00	\$ 143,858.78	\$ 21,408.69	\$ 165,267.47	\$ (55,767.47)
633 - Agency	\$ 7,000.00	\$ -	\$ 5,392.10	\$ 5,392.10	\$ 1,607.90
<b>Budget Amendments</b>	<b>Fund</b>	<b>Amount of Amendment</b>			
Ord. 762	001 - General Fund	\$ 10,500.00			
	101 - Street Fund	\$ 40,000.00			
	415 - Stormwater Fund	\$ 46,000.00			
Ord. 761	001 - General Fund	\$ 16,500.00			
	101 - Street Fund	\$ 24,800.00			
	401 - Water Fund	\$ 20,700.00			
	415 - Stormwater Fund	\$ 20,700.00			
<b>Fund</b>	<b>Budget Variance</b>	<b>Budget Variance after amendment</b>			
001 General Fund	\$ 9,204.37	\$ 36,204.37			
101 Street Fund	\$ (43,426.42)	\$ 21,373.58			
401 Water Fund	\$ 78,595.49	\$ 99,295.49			
415 Stormwater Fund	\$ (55,767.47)	\$ 10,932.53			

Budgeted amounts are authorized to be transferred by the Treasurer between object classes within funds; 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 of Gold Bar's legislative body.

### **Note 3 – Deposits and Investments**

Investments are reported at amortized cost. Deposits and investments by type as of December 31<sup>st</sup>, 2022, are as follows.

Type of Deposit or Investment	City's own deposits and investments	Deposits and investments held as custodian	Total
Bank deposits	\$ 4,317,036	\$ 935	\$ 4,317,971
LGIP	\$ 163,026	\$ -	\$ 163,026
Total	\$ 4,480,062	\$ 935	\$ 4,480,997

It is the City of Gold Bar's policy to invest only the cash surplus for the Water Utility Capital Improvement Fund. The interest on this investment is allocated only to the Water Utility Capital Improvement Fund.

### **Investments in the State Local Government Investment Pool (LGIP)**

The City of Gold Bar 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, or online at [www.tre.wa.gov](http://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 of Gold Bar would not be able to recover deposits. The City's deposits are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

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

### **Note 4 – Environmental and Certain Asset Retirement Liabilities**

After review, the City does not own anything with contamination risk such as fuel storage tanks. There are no locations within City limits with liability risks relating to chemical or industrial waste or discharge. There are no plans to cap wells. The City owns one well with a long-term plan to rehabilitate it, but this well poses no environmental risks and there are no plans to retire it.

### **Note 5 – Joint Ventures, Component Unit(s), and Related Parties**

Joint Ventures, Component Unit(s), and Related Parties are any legally separate organizations that the government either controls (e.g., because it appoints a voting majority of the board) or holds an ongoing financial interest (e.g., equity interest) or has an ongoing financial responsibility (e.g., government is obligated in some manner for the debts of the organization).

#### ***Snohomish Health District***

The City of Gold Bar considers the Snohomish Health District to be a related party. For the reporting year of 2022, the City holds equity interest in the Health District's Rucker Building, estimated by the Health District to be roughly five thousand dollars (\$5,000). It is anticipated this will be relinquished in 2023. The joint venture between the Snohomish Health District and municipalities was formed in 1990 through an interlocal agreement as authorized under the Revised Code of Washington (RCW) 39.34 to facilitate

financing the acquisition of the Rucker Building and to provide direct health services to communities. The Health District constitutes the governing body of this joint venture. In 2022 the Health District began the process of merging with Snohomish County and when that is complete, the County will be the governing body. The City of Gold bar is not obligated to provide any services or funding as part of this joint venture.

### *Snohomish County 911*

The City of Gold Bar 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 of this Agreement and shall be apportioned between Principals based on the ratio that the average of each Principals' contributions to the operating budget over the preceding five (5) years bears to the total of all then reaming Principals' User Fees paid during such five-year period. Before deducting the payment of all costs, expenses and charges validly incurred, the City of Gold Bar's share was \$30,839 on December 31, 2022.

Snohomish County 911's 2022 operating budget was \$26,034,697, operating revenues received were \$26,904,022 and total operating expenditures were \$25,119,101. 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 6 – Leases**

The City of Gold Bar conducted a lease analysis to verify that there are no lease contracts requiring reporting under this note.

### **Note 7 – Long-Term Debt**

The accompanying Schedule of Liabilities (Schedule 09) provides more details of the outstanding debt and liability of the City of Gold Bar and summarizes the City's debt transactions for December 31, 2022.

The debt service requirements for revenue bonds are as follows:

## Revenue Bonds

### USDA

Note 7 Financial Report					
	BOP	Principal	Interest	Total Payment	Ending Balance
2023	<b>785,008.47</b>	\$45,884.34	\$27,475.30	\$73,359.64	\$ 739,124.13
2024	739,124.13	\$ 47,490.30	\$ 25,869.34	\$73,359.64	\$ 691,633.83
2025	691,633.83	\$ 49,152.46	\$ 24,207.18	\$73,359.64	\$ 642,481.37
2026	642,481.37	\$ 50,872.79	\$ 22,486.85	\$73,359.64	\$ 591,608.58
2027	591,608.58	\$ 52,653.34	\$ 20,706.30	\$73,359.64	\$ 538,955.24
2028-2032		\$ 292,234.05	\$ 74,564.15	\$366,798.20	\$246,721.20
2033-2036		\$ 246,721.20	\$ 20,628.92	\$267,350.12	\$0.00

The City of Gold Bar initiated an interim loan with Cashmere Valley Bank in 2011, to provide for interim financing of \$1,766,000 for the purpose of funding construction of a booster pump to improve the capabilities of the City's water system. The interim loan was issued on July 26, 2011 for the total loan amount of \$1,766,000 and is backed by a loan guarantee from the United States Department of Agriculture (USDA). The loan was converted to a Revenue Bond in September 2012 with the USDA purchasing the bonds. The City paid off the interim loan balance and called the remaining balance of the 1995 Revenue Bond issue through a bond defeasance in 2012.

In 2021 City staff created a plan to pay off this loan sooner than the end date of 2052. The reasoning behind the decision was three-fold; reducing debt, saving a considerable amount in interest, and resulting in a more pro-active and positive stewardship of public funds. That plan was implemented in 2022 with an extra payment of \$700,000 towards principal. That amount is reflected in the schedule of payments in this Note, and in the Schedule of Liabilities (Schedule 09) report. The plan includes large payments over the next two years, which will result in paying off the loan within five years. The savings in interest by doing this, along with freeing up funds currently earmarked for the loan, will result in the City able to complete capital and infrastructure projects faster than anticipated, and through self-funding rather than obtaining grants or taking out loans. The ability to make this large payment was a direct result of COVID-19 ARPA funds. Those funds will be used for water main replacements which freed up capital funds for this loan payment.

### **Note 8 – Other Disclosures**

#### *Overall Financial Condition*

The City's Stormwater fund struggled in 2022 for two reasons.

Expenses that were budgeted for, and purchased, near the end of 2021 had delays in billing so the expenditures ended up coming out of the 2022 budget, which was not anticipated. Additionally, stormwater rates did not bring in enough revenue to support the fund. Staff reviewed both issues and changed how end-of-year purchases would be done

in the future, and then worked on a rate increase which was implemented the beginning of 2023. The rate increase will be reviewed mid-year for its effectiveness.

It should be noted that while the Stormwater fund showed a decrease of \$54,069.42 at the end of the year, \$20,605.75 of that amount was the appropriated, and Council-approved, amount utilizing the fund beginning balance for the dump truck purchase. The City has no plan, as of this reporting time, to utilize beginning balances for major purchases out of the stormwater fund. This will also allow the fund to end 2023 without a negative balance.

The Street fund continues to struggle and relies on interfund transfers from the General fund. Each year the Street fund requires more to balance the budget which means eventually these transfers may negatively impact the General fund. The City has no control over taxes which are the source of income for the Street fund. An option the City looked at was cutting staff hours allocated to the Street fund. At the end of 2022 no decision was reached because cutting staff hours will result in future issues from maintenance and repair work that would not be completed. Staff plan on researching how other cities handle revenue shortfall in similar situations where there is no control over revenue (such as raising rates). It is not anticipated that this shortfall will impact the General fund in 2023 or 2024 but long-term planning must include solutions for this fund that do not involve lowering levels of standards for residents.

It should be noted that while the Street fund showed a decrease of \$37,611.97 at the end of the year, \$24,726.90 of that amount was the appropriated, and Council-approved, amount utilizing the fund beginning balance for the dump truck purchase.

### *Miscellaneous*

In 2021 the City researched and created a conservative plan for utilizing large ending balances in specific funds (see *Resolutions 21-09 and 22-09, and the City's Financial Plan*). This policy allowed the City to utilize surplus funds for expenditures not typically included in an annual budget. This financial plan was used in 2022 for the purchase of a new dump truck.

### **Note 9 – Other Postemployment Benefits (OPEB) Plans**

The LEOFF 1 Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by the City as required by the Revised Code of Washington. The plan pays for 100% of eligible retirees' healthcare costs on a pay-as-you-go basis. As of December 31, 2022, the plan for the City had one member, a retiree. As of December 31, 2022, the City's total OPEB liability was \$452,354 as calculated using the Office of the State Actuary's AMM Online tool for the GASB 75 Alternative Measurement method for LEOFF I. This tool provides a reporting liability, not a funding liability. The City of Gold Bar is not expected to owe this amount at a certain point in time. Rather, this is a reasonable estimate of future payments, given state-wide assumptions from the Washington State Office of the Actuary.



For the year ended December 31, 2022, the City paid \$12,937.20 in benefits.

## **Note 10 – Pension Plans**

### **A. State Sponsored Pension Plans**

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

As of February 1, 2008, substantially all City of Gold Bar employees participate in PERS, administered by the Washington State Department of Retirement Systems. Contributions to the system by both employee and employer are based upon gross wages covered by plan benefits.

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

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

Department of Retirement Systems  
Communications Unit  
PO Box 48380  
Olympia, WA 98504-8380

Additionally, the Department of Retirement Systems ACFR may be downloaded from their website at [www.drs.wa.gov](http://www.drs.wa.gov).

As of June 30, 2022 (the measurement date of the plans), the City of Gold Bar proportionate share of the collective net pension liabilities as reported on Schedule 09, was as follows:

	Pension Plan Figures from PEFI		
	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$ 14,500.86	0.002366	\$ 65,878.00
PERS 2 & 3	\$ 24,858.84	0.003094	\$(114,750.00)
Total			\$ 65,878.00

Only the net pension liabilities are reported on the Schedule 09.

## *LEOFF Plan 1*

The City of Gold Bar 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 11 – Property Taxes**

The Snohomish 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 City of Gold Bar. Delinquent taxes are considered fully collectible because a lien affixes to the property after the tax is levied.

The City of Gold Bar's regular levy for the year 2022 was \$0.91082146354 per \$1,000 on an assessed valuation of \$269,832,596 for a total regular levy, including refunds, of \$245,769.32.

### **Note 12 – Risk Management**

#### **General Risk Management**

The City of Gold Bar 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, 2022, 106 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 \$500,000, per occurrence, and is reinsured by National League of Cities Mutual Insurance Company (NLC MIC) for the additional \$500,000. 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 AIG Specialty Insurance Company and CHUBB in 2022, AWC RMSA carried a retention of \$200,000, NLC MIC reinsures up to \$3 million, AIG Specialty Insurance Company provides excess insurance up to \$50 million, and CHUBB provides 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.

### Health and Welfare

The City of Gold Bar 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, 2022, 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, Willamette Dental Group, 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 2022, the AWC Trust HCP purchased medical stop loss insurance for Regence/Asuris and Kaiser plans at an Individual Stop Loss (ISL) of \$1.5 million through United States Fire Insurance Company. 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 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 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 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.

**City of Gold Bar  
Schedule of Liabilities  
For the Year Ended December 31, 2022**

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
259.12	Compensated Absences		40,606	4,037	-	44,643
263.82	US Dept. of Agriculture 2013	9/1/2036	1,516,660	-	731,652	785,008
264.30	Net Pension Liabilities		26,806	39,072	-	65,878
264.40	OPEB		399,050	53,304	-	452,354
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>1,983,122</b>	<b>96,413</b>	<b>731,652</b>	<b>1,347,883</b>
<b>Total Liabilities:</b>			<b>1,983,122</b>	<b>96,413</b>	<b>731,652</b>	<b>1,347,883</b>

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