



Office of the Washington State Auditor  
Pat McCarthy

# Financial Statements Audit Report

## Town of Beaux Arts Village

For the period January 1, 2021 through December 31, 2023

*Published November 14, 2024*

Report No. 1035950



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

November 14, 2024

Mayor and Town Council  
Town of Beaux Arts Village  
Beaux Arts Village, Washington

**Report on Financial Statements**

Please find attached our report on the Town of Beaux Arts Village's financial statements.

We are issuing this report in order to provide information on the Town'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*

#### **Town of Beaux Arts Village January 1, 2021 through December 31, 2023**

Mayor and Town Council  
Town of Beaux Arts Village  
Beaux Arts Village, 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 Beaux Arts Village, as of and for the years ended December 31, 2023, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 5, 2024.

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.

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

In planning and performing our audits of the financial statements, we considered the Town'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 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 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 Town'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 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

November 5, 2024

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### **Town of Beaux Arts Village January 1, 2021 through December 31, 2023**

Mayor and Town Council  
Town of Beaux Arts Village  
Beaux Arts Village, Washington

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

### **Unmodified and Adverse Opinions**

We have audited the financial statements of the Town of Beaux Arts Village, as of and for the years ended December 31, 2023, 2022 and 2021, 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 Town 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 Town of Beaux Arts Village, and its changes in cash and investments, for the years ended December 31, 2023, 2022 and 2021, 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 Town of Beaux Arts Village, as of December 31, 2023, 2022 and 2021, or the changes in financial position or cash flows thereof for the years 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 Town, 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 Town 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 Town'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 Town'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 Town'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 audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements. The Schedules of Liabilities are presented for purposes of additional analysis, as required by the prescribed BARS manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other

records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2024 on our consideration of the Town'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 Town'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 Town'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

November 5, 2024

## **FINANCIAL SECTION**

### **Town of Beaux Arts Village January 1, 2021 through December 31, 2023**

#### **FINANCIAL STATEMENTS**

Fund Resources and Uses Arising from Cash Transactions – 2023  
Fund Resources and Uses Arising from Cash Transactions – 2022  
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#### **SUPPLEMENTARY AND OTHER INFORMATION**

Schedule of Liabilities – 2023  
Schedule of Liabilities – 2022  
Schedule of Liabilities – 2021

**Town of Beaux Arts Village**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2023**

		<b>Total for All Funds (Memo Only)</b>	<b>001 General Fund</b>	<b>101 Street Fund</b>	<b>103 Cumulative Reserve</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	1,366,312	705,916	4,716	355,004
388 / 588	Net Adjustments	616	581	-	-
<b>Revenues</b>					
310	Taxes	371,055	299,013	-	60,498
320	Licenses and Permits	55,394	21,200	34,194	-
330	Intergovernmental Revenues	33,455	25,118	6,242	-
340	Charges for Goods and Services	102,318	25,445	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	89,917	60,796	-	17,668
Total Revenues:		652,139	431,572	40,436	78,166
<b>Expenditures</b>					
510	General Government	122,777	122,777	-	-
520	Public Safety	90,364	90,364	-	-
530	Utilities	64,375	-	-	-
540	Transportation	42,266	-	42,266	-
550	Natural/Economic Environment	51,123	51,123	-	-
560	Social Services	93	93	-	-
570	Culture and Recreation	17,791	17,791	-	-
Total Expenditures:		388,789	282,148	42,266	-
Excess (Deficiency) Revenues over Expenditures:		263,350	149,424	(1,830)	78,166
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	25,866	15,866	10,000	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	13,458	13,458	-	-
Total Other Increases in Fund Resources:		39,324	29,324	10,000	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	6,861	5,915	473	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	25,866	10,000	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	13,458	-	-	-
Total Other Decreases in Fund Resources:		46,185	15,915	473	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>256,489</b>	<b>162,833</b>	<b>7,697</b>	<b>78,166</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	720,136	100,978	-	433,170
50841	Committed	-	-	-	-
50851	Assigned	134,929	-	12,413	-
50891	Unassigned	768,354	768,354	-	-
<b>Total Ending Cash and Investments</b>		<b>1,623,419</b>	<b>869,332</b>	<b>12,413</b>	<b>433,170</b>

The accompanying notes are an integral part of this statement.

**Town of Beaux Arts Village**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2023**

		<b>104 Criminal Justice Fund</b>	<b>401 Water Department</b>
<b>Beginning Cash and Investments</b>			
308	Beginning Cash and Investments	188,215	112,461
388 / 588	Net Adjustments	-	35
<b>Revenues</b>			
310	Taxes	11,544	-
320	Licenses and Permits	-	-
330	Intergovernmental Revenues	2,095	-
340	Charges for Goods and Services	-	76,873
350	Fines and Penalties	-	-
360	Miscellaneous Revenues	-	11,453
Total Revenues:		13,639	88,326
<b>Expenditures</b>			
510	General Government	-	-
520	Public Safety	-	-
530	Utilities	-	64,375
540	Transportation	-	-
550	Natural/Economic Environment	-	-
560	Social Services	-	-
570	Culture and Recreation	-	-
Total Expenditures:		-	64,375
Excess (Deficiency) Revenues over Expenditures:		13,639	23,951
<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	-	473
591-593, 599	Debt Service	-	-
597	Transfers-Out	15,866	-
585	Special or Extraordinary Items	-	-
581, 582, 589	Other Uses	-	13,458
Total Other Decreases in Fund Resources:		15,866	13,931
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(2,227)</b>	<b>10,020</b>
<b>Ending Cash and Investments</b>			
50821	Nonspendable	-	-
50831	Restricted	185,988	-
50841	Committed	-	-
50851	Assigned	-	122,516
50891	Unassigned	-	-
<b>Total Ending Cash and Investments</b>		<b>185,988</b>	<b>122,516</b>

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

**Town of Beaux Arts Village**  
**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 Fund</b>	<b>101 Street Fund</b>	<b>103 Cumulative Reserve</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	1,440,653	637,468	1,755	510,362
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	359,311	311,676	-	36,374
320	Licenses and Permits	20,592	10,692	9,900	-
330	Intergovernmental Revenues	65,957	50,446	14,091	-
340	Charges for Goods and Services	89,231	17,419	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	24,955	14,162	-	6,779
Total Revenues:		560,046	404,395	23,991	43,153
<b>Expenditures</b>					
510	General Government	114,412	114,412	-	-
520	Public Safety	80,064	80,064	-	-
530	Utilities	52,609	-	-	-
540	Transportation	38,110	-	38,110	-
550	Natural/Economic Environment	38,805	38,805	-	-
560	Social Services	94	94	-	-
570	Culture and Recreation	27,138	27,138	-	-
Total Expenditures:		351,232	260,513	38,110	-
Excess (Deficiency) Revenues over Expenditures:		208,814	143,882	(14,119)	43,153
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	228,157	77,157	151,000	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	13,458	13,458	-	-
Total Other Increases in Fund Resources:		241,615	90,615	151,000	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	283,159	149,050	133,921	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	228,157	17,000	-	198,512
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	13,458	-	-	-
Total Other Decreases in Fund Resources:		524,774	166,050	133,921	198,512
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(74,345)</b>	<b>68,447</b>	<b>2,960</b>	<b>(155,359)</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	626,405	83,186	-	355,004
50841	Committed	-	-	-	-
50851	Assigned	117,177	-	4,716	-
50891	Unassigned	622,730	622,730	-	-
<b>Total Ending Cash and Investments</b>		<b>1,366,312</b>	<b>705,916</b>	<b>4,716</b>	<b>355,004</b>

The accompanying notes are an integral part of this statement.

**Town of Beaux Arts Village**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2022**

		<b>104 Criminal Justice Fund</b>	<b>401 Water Department</b>
<b>Beginning Cash and Investments</b>			
308	Beginning Cash and Investments	188,179	102,889
388 / 588	Net Adjustments	-	-
<b>Revenues</b>			
310	Taxes	11,261	-
320	Licenses and Permits	-	-
330	Intergovernmental Revenues	1,420	-
340	Charges for Goods and Services	-	71,812
350	Fines and Penalties	-	-
360	Miscellaneous Revenues	-	4,014
Total Revenues:		12,681	75,826
<b>Expenditures</b>			
510	General Government	-	-
520	Public Safety	-	-
530	Utilities	-	52,609
540	Transportation	-	-
550	Natural/Economic Environment	-	-
560	Social Services	-	-
570	Culture and Recreation	-	-
Total Expenditures:		-	52,609
Excess (Deficiency) Revenues over Expenditures:		12,681	23,217
<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	-	188
591-593, 599	Debt Service	-	-
597	Transfers-Out	12,645	-
585	Special or Extraordinary Items	-	-
581, 582, 589	Other Uses	-	13,458
Total Other Decreases in Fund Resources:		12,645	13,646
<b>Increase (Decrease) in Cash and Investments:</b>		<b>36</b>	<b>9,571</b>
<b>Ending Cash and Investments</b>			
50821	Nonspendable	-	-
50831	Restricted	188,215	-
50841	Committed	-	-
50851	Assigned	-	112,461
50891	Unassigned	-	-
<b>Total Ending Cash and Investments</b>		<b>188,215</b>	<b>112,461</b>

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

**Town of Beaux Arts Village**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2021**

		<b>Total for All Funds (Memo Only)</b>	<b>001 General Fund</b>	<b>101 Street Fund</b>	<b>103 Cumulative Reserve</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	1,254,537	565,475	6,785	403,231
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	406,179	283,235	-	113,048
320	Licenses and Permits	11,356	5,580	5,776	-
330	Intergovernmental Revenues	61,149	52,366	6,193	-
340	Charges for Goods and Services	81,797	6,249	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	4,371	1,205	-	398
Total Revenues:		564,852	348,635	11,969	113,446
<b>Expenditures</b>					
510	General Government	121,133	121,133	-	-
520	Public Safety	83,084	83,084	-	-
530	Utilities	53,933	-	-	-
540	Transportation	33,576	-	33,576	-
550	Natural/Economic Environment	28,056	28,056	-	-
560	Social Services	89	89	-	-
570	Culture and Recreation	41,720	41,720	-	-
Total Expenditures:		361,591	274,082	33,576	-
Excess (Deficiency) Revenues over Expenditures:		203,261	74,553	(21,607)	113,446
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	32,703	11,388	21,315	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	13,458	13,458	-	-
Total Other Increases in Fund Resources:		46,161	24,846	21,315	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	17,146	12,407	4,739	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	32,703	15,000	-	6,315
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	13,458	-	-	-
Total Other Decreases in Fund Resources:		63,307	27,407	4,739	6,315
<b>Increase (Decrease) in Cash and Investments:</b>		<b>186,115</b>	<b>71,992</b>	<b>(5,031)</b>	<b>107,131</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	755,147	56,606	-	510,362
50841	Committed	-	-	-	-
50851	Assigned	104,644	-	1,755	-
50891	Unassigned	580,862	580,862	-	-
<b>Total Ending Cash and Investments</b>		<b>1,440,653</b>	<b>637,468</b>	<b>1,755</b>	<b>510,362</b>

The accompanying notes are an integral part of this statement.



**Town of Beaux Arts Village**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2021**

		<b>104 Criminal Justice Fund</b>	<b>401 Water Department</b>
<b>Beginning Cash and Investments</b>			
308	Beginning Cash and Investments	187,080	91,966
388 / 588	Net Adjustments	-	-
<b>Revenues</b>			
310	Taxes	9,896	-
320	Licenses and Permits	-	-
330	Intergovernmental Revenues	2,590	-
340	Charges for Goods and Services	-	75,548
350	Fines and Penalties	-	-
360	Miscellaneous Revenues	-	2,768
Total Revenues:		12,486	78,316
<b>Expenditures</b>			
510	General Government	-	-
520	Public Safety	-	-
530	Utilities	-	53,933
540	Transportation	-	-
550	Natural/Economic Environment	-	-
560	Social Services	-	-
570	Culture and Recreation	-	-
Total Expenditures:		-	53,933
Excess (Deficiency) Revenues over Expenditures:		12,486	24,383
<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	-	-
591-593, 599	Debt Service	-	-
597	Transfers-Out	11,388	-
585	Special or Extraordinary Items	-	-
581, 582, 589	Other Uses	-	13,458
Total Other Decreases in Fund Resources:		11,388	13,458
<b>Increase (Decrease) in Cash and Investments:</b>		<b>1,098</b>	<b>10,925</b>
<b>Ending Cash and Investments</b>			
50821	Nonspendable	-	-
50831	Restricted	188,179	-
50841	Committed	-	-
50851	Assigned	-	102,889
50891	Unassigned	-	-
<b>Total Ending Cash and Investments</b>		<b>188,179</b>	<b>102,889</b>

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

**Town of Beaux Arts Village**  
**Fiduciary Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2023**

		<u>Custodial</u>
308	Beginning Cash and Investments	33
388 & 588	Net Adjustments	-
310-390	Additions	59
510-590	Deductions	59
	Net Increase (Decrease) in Cash and Investments:	-
508	Ending Cash and Investments	33

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

**Town of Beaux Arts Village**  
**Fiduciary Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2022**

		<u>Custodial</u>
308	Beginning Cash and Investments	-
388 & 588	Net Adjustments	-
310-390	Additions	33
510-590	Deductions	-
	Net Increase (Decrease) in Cash and Investments:	<u>33</u>
508	Ending Cash and Investments	33

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

**Town of Beaux Arts Village**  
**Fiduciary Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2021**

		<u>Custodial</u>
308	Beginning Cash and Investments	52
388 & 588	Net Adjustments	-
310-390	Additions	26
510-590	Deductions	<u>78</u>
	Net Increase (Decrease) in Cash and Investments:	(52)
508	Ending Cash and Investments	-

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

## **TOWN OF BEAUX ARTS VILLAGE**

### **NOTES TO FINANCIAL STATEMENTS**

**January 1 to December 31, 2023**

#### **Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of Beaux Arts Village was incorporated in May of 1954 and operates under the laws of the State of Washington applicable to a Town with a Mayor-Council form of government. The Town is a general-purpose local government and provides general administrative, public safety, fire prevention, street improvement, parks and recreation services. In addition, the Town owns and operates a water utility for residents of Beaux Arts Village.

The Town 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 8. Joint Ventures)
- 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 Town 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 #001**

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

Special Revenue Funds -- Street Fund #101, Cumulative Reserve Fund #103, and Criminal Justice Fund #104

These funds account for specific revenues that are restricted or committed to expenditures for specified purposes of the Town.

PROPRIETARY FUND TYPES:

Enterprise Funds -- Water Fund #401

This fund accounts for operations that provide goods or services (water) to the general public and are supported primarily through user charges.

FIDUCIARY FUND TYPES: Fiduciary funds account for assets held by the Town in a trustee capacity or as custodian on behalf of others.

Custodial Fund #631

This fund is used to account for assets that the Town of Beaux Arts Village 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 Town 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 cost of more than \$10,000 and an estimated useful life in excess of 10 years. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Employees of the Town of Beaux Arts Village are salaried and are paid on the basis of an expected monthly workload. They do not accrue or receive paid vacation leave or paid sick leave.

F. Long-Term Debt

The Town of Beaux Arts Village has no 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 subject to restrictions on use imposed by external parties or due to internal commitments established by ordinance or resolution of the Town Council. When expenditures that meet restrictions are incurred, the Town of Beaux Arts Village intends to use the most restricted resources first.

Restrictions and commitment of Ending Cash and Investments consist of:

- Funds received from the King County Parks Levy are deposited into the General Fund #001 and are committed by County regulations for use in repairing, replacing, and improving local parks and trails in King County's cities. As of December 31, 2023, the balance of committed funds of this type totaled \$100,978.
- Funds received from real-estate excise taxes are deposited into the Cumulative Reserve Fund #103 and are restricted by RCW 82.46.010 and RCW 86.46.035 to funding capital projects that meet the parameters outlined in those statutes. As of December 31, 2023, the balance of restricted funds of this type totaled \$433,170.
- Funds received from state-shared criminal-justice revenues are deposited into the Criminal Justice Fund #104 and are restricted to funding police protection services and the purchase of equipment to support those services. As of December 31, 2023, the balance of restricted funds of this type totaled \$185,988.
- Funds received from permit applicants on behalf of the State Building Code Council in accordance with RCW 19.27.085 are deposited into the Custodial Fund #631 and may only be released to the State of Washington for distribution to that agency. As of December 31, 2023, the balance of restricted funds of this type totaled \$33.

#### H. Budget Compliance

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

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

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

Fund and Fund No.	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund #001	\$ 417,294	\$ 298,062	\$ (119,232)
Street Fund #101	\$ 79,700	\$ 42,738	\$ (36,962)
Cumulative Reserve Fund #103	\$ 25,000	\$ 0	\$ (25,000)0
Criminal Justice Fund #104	\$ 15,866	\$ 15,866	\$ 0
Water Fund #401	\$ 89,511	\$ 78,305	\$ (11,206)
Custodial Fund #631	\$ 50	\$ 59	\$ 9

Budgeted amounts are authorized to be transferred between departments and within any fund/object classes within departments; however, any revisions that alter the total expenditures budgeted for 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 Council.

**Note 2 – INTERFUND LOANS**

The following table displays interfund loan activity during 2023:

Borrowing Fund	Lending Fund	Balance 01/01/2023	New Loans	Repayments	Balance 12/31/2023
Water Fund #401	General Fund #001	162,677	0	13,458	153,177
TOTALS		\$ 162,677	0	\$ 13,458	\$ 153,177

**Note 3 – DEPOSITS AND INVESTMENTS**

Investments are reported at fair value. Investments by type as of December 31, 2023 are as follows:

Type of Deposit or Investment	Town Deposits and Investments	Deposits and Investments held by the Town on behalf of others	Totals
Washington Federal Bank Public Funds Account	176,998	0	176,998
LGIP	1,473,170	0	1,473,170
TOTAL	\$ 1,650,168	0	\$ 1,650,168

It is the policy of the Town of Beaux Arts Village to invest all temporary cash surpluses. The interest on investments is prorated to the various funds as follows: interest on funds held in #001, #101, and #104 is credited to the General Fund #001; interest on funds held in #103 and #401 is credited to #103 and #401 respectively.

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

The Town 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 Town would not be able to recover deposits that are in possession of an outside party. The Town's deposits and certificates of deposit are mostly covered by the Federal Deposit Insurance Corporation (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 of Beaux Arts Village or its agent in the Town's name.

#### **Note 4 – PENSION PLANS**

The Town currently has no full-time employees. Qualifying part-time employees of the Town of Beaux Arts Village participate in the Public Employees Retirement System (PERS) administered by the Washington State Department of Retirement Systems (DRS), 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 ACFR may be obtained by writing to:

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

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

At June 30, 2022, the Town of Beaux Arts Village's proportionate share of the collective net pension liabilities was as follows:

	Employer Contribution	Allocation %	Liability (Asset)
PERS 1	\$ 3,238	0.000475%	\$ 10,843
PERS 2/3	\$ 5,397	0.000614%	\$ (25,166)

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

#### **Note 5 - PROPERTY TAX**

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

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

The Town of Beaux Arts Village's regular levy for 2023 was 0.59046 per \$1,000 on an assessed valuation of \$314,345,481 for a total regular levy of \$185,610 as set by Ordinance No. 459.

The Washington State Constitution and Washington State law, RCW 84.55.010, limit the rate.

#### **Note 6 – RISK MANAGEMENT**

The Town of Beaux Arts Village 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, 2023, 106 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. Pollution, and cyber liability coverages are stand-alone policies, which the AWC RMSA procures for its members. The AWC RMSA allows members with airports to group purchase airport liability coverage, and members with drones to group purchase property and 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. 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. \$9.5 million in excess liability coverage limits is provided through an excess liability policy purchased from National League of Cities Mutual Insurance Company (NLC MIC). 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 2023, AWC RMSA carried a retention of \$300,000, NLC MIC reinsures up to \$3 million, AIG Specialty Insurance Company provides excess insurance up to \$50 million, and CHUBB provides the remaining limits up to a total of \$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 7 – HEALTH AND WELFARE**

The Town of Beaux Arts Village 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, 2023, 264 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 2023, the AWC Trust HCP purchased medical stop-loss insurance for Regence/Asuris and Kaiser plans at an Individual Stop Loss (ISL) of \$2 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 Trust HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the AWC Trust HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts or further contributions to the AWC Trust HCP. Similarly, the terminating member forfeits all rights and interest to the AWC Trust HCP Account.

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

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

#### **Note 8 – JOINT VENTURES**

The Town is a participant (Party) in a joint venture with King County and the cities of Bellevue, Bothell, Clyde Hill, Hunts Point, Issaquah, Kenmore, Kirkland, Medina, Mercer Island, Newcastle, Redmond, Sammamish, Woodinville and Yarrow Point called A Regional Coalition for Housing (ARCH). ARCH was created by an interlocal agreement to cooperatively formulate affordable housing goals and policies as required by the Growth Management Act. ARCH fosters efforts to provide affordable housing on the Eastside by combining public funding with private-sector resources.

ARCH is governed by an Executive Board composed of the chief executive officer from each Party. The Board is responsible for the review and approval of all budgetary, financial, policy, and contractual matters and is assisted by a program manager, an administrative staff, and a Citizen Advisory Board. The City of Bellevue serves as the administering agency for ARCH for the purpose of recording financial data and issuing contracts on behalf of the Parties.

Each Party makes an annual monetary contribution to fund ARCH operations based on the Executive Board's budget. In addition, most of the Parties make an annual contribution to the ARCH Trust Fund. Due to its small size and funding limitations, the Beaux Arts Council has chosen to make only contributions toward operating expenses at this time.

For fiscal year 2023, Beaux Arts Village contributed \$2,653 toward ARCH operations.

Financial information can be obtained from ARCH, c/o Lindsay Masters, 16225 NE 87<sup>th</sup> St, Suite A-3, Redmond, WA 98052.

## **TOWN OF BEAUX ARTS VILLAGE**

### **NOTES TO FINANCIAL STATEMENTS**

**January 1 to December 31, 2022**

#### **Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of Beaux Arts Village was incorporated in May of 1954 and operates under the laws of the State of Washington applicable to a Town with a Mayor-Council form of government. The Town is a general-purpose local government and provides general administrative, public safety, fire prevention, street improvement, parks and recreation services. In addition, the Town owns and operates a water utility for residents of Beaux Arts Village.

The Town 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 8. Joint Ventures)
- 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 Town 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 #001**

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

Special Revenue Funds -- Street Fund #101, Cumulative Reserve Fund #103, and Criminal Justice Fund #104

These funds account for specific revenues that are restricted or committed to expenditures for specified purposes of the Town.

PROPRIETARY FUND TYPES:

Enterprise Funds -- Water Fund #401

This fund accounts for operations that provide goods or services (water) to the general public and are supported primarily through user charges.

FIDUCIARY FUND TYPES: Fiduciary funds account for assets held by the Town in a trustee capacity or as custodian on behalf of others.

Custodial Fund #631

This fund is used to account for assets that the Town of Beaux Arts Village 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 Town 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 cost of more than \$10,000 and an estimated useful life in excess of 10 years. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Employees of the Town of Beaux Arts Village are salaried and are paid on the basis of an expected monthly workload. They do not accrue or receive paid vacation leave or paid sick leave.

F. Long-Term Debt

The Town of Beaux Arts Village has no 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 subject to restrictions on use imposed by external parties or due to internal commitments established by ordinance or resolution of the Town Council. When expenditures that meet restrictions are incurred, the Town of Beaux Arts Village intends to use the most restricted resources first.



Restrictions and commitment of Ending Cash and Investments consist of:

- Funds received from the King County Parks Levy are deposited into the General Fund #001 and are committed by County regulations for use in repairing, replacing, and improving local parks and trails in King County's cities. As of December 31, 2022, the balance of committed funds of this type totaled \$83,186.
- Funds received from real-estate excise taxes are deposited into the Cumulative Reserve Fund #103 and are restricted by RCW 82.46.010 and RCW 86.46.035 to funding capital projects that meet the parameters outlined in those statutes. As of December 31, 2022, the balance of restricted funds of this type totaled \$355,004.
- Funds received from state-shared criminal-justice revenues are deposited into the Criminal Justice Fund #104 and are restricted to funding police protection services and the purchase of equipment to support those services. As of December 31, 2022, the balance of restricted funds of this type totaled \$188,215.
- Funds received from permit applicants on behalf of the State Building Code Council in accordance with RCW 19.27.085 are deposited into the Custodial Fund #631 and may only be released to the State of Washington for distribution to that agency. As of December 31, 2022, the balance of restricted funds of this type totaled \$33.

#### H. Budget Compliance

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

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

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

Fund and Fund No.	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund #001	\$ 451,771	\$ 426,563	\$ (25,208)
Street Fund #101	\$ 177,150	\$ 172,030	\$ (5,120)
Cumulative Reserve Fund #103	\$ 198,512	\$ 198,512	\$ 0
Criminal Justice Fund #104	\$ 12,645	\$ 12,645	\$ 0
Water Fund #401	\$ 70,585	\$ 66,255	\$ (4,330)
Custodial Fund #631	\$ 50	\$ 0	\$ 50

Budgeted amounts are authorized to be transferred between departments and within any fund/object classes within departments; however, any revisions that alter the total expenditures budgeted for 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 Council.



**Note 2 – INTERFUND LOANS**

The following table displays interfund loan activity during 2022:

Borrowing Fund	Lending Fund	Balance 01/01/2022	Interest Accrued	Repayments	Balance 12/31/2022
Water Fund #401	General Fund #001	171,942	4,193	13,458	162,677
TOTALS		\$ 171,942	\$ 4,193	\$ 13,458	\$ 162,677

**Note 3 – DEPOSITS AND INVESTMENTS**

Investments are reported at fair value. Investments by type as of December 31, 2022 are as follows:

Type of Deposit or Investment	Town Deposits and Investments	Deposits and Investments held by the Town on behalf of others	Totals
Washington Federal Bank	90,757	0	90,757
LGIP	1,290,661	0	1,290,661
TOTAL	\$ 1,381,418	0	\$ 1,381,418

It is the policy of the Town of Beaux Arts Village to invest all temporary cash surpluses. The interest on investments is prorated to the various funds as follows: interest on funds held in #001, #101, and #104 is credited to the General Fund #001; interest on funds held in #103 and #401 is credited to #103 and #401 respectively.

Investments in the State Local Government Investment Pool (LGIP)

The Town 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 Town would not be able to recover deposits that are in possession of an outside party. The Town's deposits and certificates of deposit are mostly covered by the Federal Deposit Insurance Corporation (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 of Beaux Arts Village or its agent in the Town's name.

#### **Note 4 – PENSION PLANS**

The Town currently has no full-time employees. Qualifying part-time employees of the Town of Beaux Arts Village participate in the Public Employees Retirement System (PERS) administered by the Washington State Department of Retirement Systems (DRS), 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 ACFR may be obtained by writing to:

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

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

At June 30, 2022, the Town of Beaux Arts Village's proportionate share of the collective net pension liabilities was as follows:

	Employer Contribution	Allocation %	Liability (Asset)
PERS 1	\$ 2,736	0.000446%	\$ 12,418
PERS 2/3	\$ 4,670	0.000581%	\$ (21,548)

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

#### **Note 5 - PROPERTY TAX**

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

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

The Town of Beaux Arts Village's regular levy for 2022 was 0.79756 per \$1,000 on an assessed valuation of \$232,721,516 for a total regular levy of \$185,610 as set by Ordinance No. 455.

#### **Note 6 – RISK MANAGEMENT**

The Town of Beaux Arts Village 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 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. Pollution, and cyber liability coverages are stand-alone policies, which the AWC RMSA procures for its members. The AWC RMSA allows members with airports to group purchase airport liability coverage, and members with drones to group purchase property and 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 National League of Cities Mutual Insurance Company (NLC MIC). 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 the remaining limits up to a total of \$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 7 – HEALTH AND WELFARE**

The Town of Beaux Arts Village 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, 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 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 Trust HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the AWC Trust HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the AWC Trust HCP. Similarly, the terminating member forfeits all rights and interest to the AWC Trust HCP Account.

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

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

#### **Note 8 – JOINT VENTURES**

The Town is a participant (Party) in a joint venture with King County and the cities of Bellevue, Bothell, Clyde Hill, Hunts Point, Issaquah, Kenmore, Kirkland, Medina, Mercer Island, Newcastle, Redmond, Sammamish, Woodinville and Yarrow Point called A Regional Coalition for Housing (ARCH). ARCH was created by an interlocal agreement to cooperatively formulate affordable housing goals and policies as required by the Growth Management Act. ARCH fosters efforts to provide affordable housing on the Eastside by combining public funding with private-sector resources.

ARCH is governed by an Executive Board composed of the chief executive officer from each Party. The Board is responsible for the review and approval of all budgetary, financial, policy, and contractual matters and is assisted by a program manager, an administrative staff, and a

Citizen Advisory Board. The City of Bellevue serves as the administering agency for ARCH for the purpose of recording financial data and issuing contracts on behalf of the Parties.

Each Party makes an annual monetary contribution to fund ARCH operations based on the Executive Board's budget. In addition, most of the Parties make an annual contribution to the ARCH Trust Fund. Due to its small size and funding limitations, the Beaux Arts Council has chosen to make only contributions toward operating expenses at this time.

For fiscal year 2022, Beaux Arts Village contributed \$2,060 for ARCH operations.

Financial information can be obtained from ARCH, c/o Lindsay Masters, 16225 NE 87<sup>th</sup> St, Suite A-3, Redmond, WA 98052.

## **TOWN OF BEAUX ARTS VILLAGE**

### **NOTES TO FINANCIAL STATEMENTS**

**January 1 to December 31, 2021**

#### **Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of Beaux Arts Village was incorporated in May of 1954 and operates under the laws of the State of Washington applicable to a Town with a Mayor-Council form of government. The Town is a general-purpose local government and provides general administrative, public safety, fire prevention, street improvement, parks and recreation services. In addition, the Town owns and operates a water utility for residents of Beaux Arts Village.

The Town 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 8. Joint Ventures)
- 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 Town 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 #001**

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



Special Revenue Funds -- Street Fund #101, Cumulative Reserve Fund #103, and Criminal Justice Fund #104

These funds account for specific revenues that are restricted or committed to expenditures for specified purposes of the Town.

PROPRIETARY FUND TYPES:

Enterprise Funds -- Water Fund #401

This fund accounts for operations that provide goods or services (water) to the general public and are supported primarily through user charges.

FIDUCIARY FUND TYPES: Fiduciary funds account for assets held by the Town in a trustee capacity or as custodian on behalf of others.

Custodial Fund #631

This fund is used to account for assets that the Town of Beaux Arts Village 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 Town 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 cost of more than \$10,000 and an estimated useful life in excess of 10 years. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Employees of the Town of Beaux Arts Village are salaried and are paid on the basis of an expected monthly workload. They do not accrue or receive paid vacation leave or paid sick leave.

F. Long-Term Debt

The Town of Beaux Arts Village has no 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 subject to restrictions on use imposed by external parties or due to internal commitments established by ordinance or resolution of the Town Council. When expenditures that meet restrictions are incurred, the Town of Beaux Arts Village intends to use the most restricted resources first.



Restrictions and commitment of Ending Cash and Investments consist of:

- Funds received from the King County Parks Levy are deposited into the General Fund #001 and are committed by County regulations for use in repairing, replacing, and improving local parks and trails in King County's cities. As of December 31, 2021, the balance of committed funds of this type totaled \$56,606.
- Funds received from real-estate excise taxes are deposited into the Cumulative Reserve Fund #103 and are restricted by RCW 82.46.010 and RCW 86.46.035 to funding capital projects that meet the parameters outlined in those statutes. As of December 31, 2021, the balance of restricted funds of this type totaled \$510,362.
- Funds received from state-shared criminal-justice revenues are deposited into the Criminal Justice Fund #104 and are restricted to funding police protection services and the purchase of equipment to support those services. As of December 31, 2021, the balance of restricted funds of this type totaled \$188,179.
- Funds received from permit applicants on behalf of to the State Building Code Council in accordance with RCW 19.27.085 are deposited into the Custodial Fund #631 and may only be released to the State of Washington for distribution to that agency. As of December 31, 2021, the balance of restricted funds of this type totaled \$0.

H. Budget Compliance

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

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

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

Fund and Fund No.	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund #001	\$ 363,500	\$ 301,488	\$ (62,012)
Street Fund #101	\$ 56,410	\$ 38,314	\$ (18,096)
Cumulative Reserve Fund #103	\$ 61,350	\$ 6,315	\$ (55,035)
Criminal Justice Fund #104	\$ 16,807	\$ 11,388	\$ (5,419)
Water Fund #401	\$ 74,146	\$ 67,393	\$ (6,753)
Custodial Fund #631	\$ 50	\$ 78	\$ 28

Budgeted amounts are authorized to be transferred between departments and within any fund/object classes within departments; however, any revisions that alter the total expenditures budgeted for 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 Council.

**Note 2 – INTERFUND LOANS**

The following table displays interfund loan activity during 2021:

Borrowing Fund	Lending Fund	Balance 01/01/2021	Interest Accrued	Repayments	Balance 12/31/2021
Water Fund #401	General Fund #001	180,979	4,421	13,458	171,942
TOTALS		\$ 180,979	\$ 4,421	\$ 13,458	\$ 171,942

**Note 3 – DEPOSITS AND INVESTMENTS**

Investments are reported at fair value. Investments by type as of December 31, 2021 are as follows:

Type of Deposit or Investment	Town Deposits and Investments	Deposits and Investments held by the Town on behalf of others	Totals
Washington Federal Bank	183,407	0	183,407
LGIP	1,291,135	0	1,291,135
TOTAL	\$ 1,474,542	0	\$ 1,474,542

It is the policy of the Town of Beaux Arts Village to invest all temporary cash surpluses. The interest on investments is prorated to the various funds as follows: interest on funds held in #001, #101, and #104 is credited to the General Fund #001; interest on funds held in #103 and #401 is credited to #103 and #401 respectively.

Investments in the State Local Government Investment Pool (LGIP)

The Town 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 Town would not be able to recover deposits that are in possession of an outside party. The Town's deposits and certificates of deposit are mostly covered by the Federal Deposit Insurance Corporation (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 of Beaux Arts Village or its agent in the Town's name.

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

At June 30, 2021, the Town of Beaux Arts Village's proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

	Employer Contribution	Allocation %	Liability (Asset)
PERS 1	\$ 2,579	0.000346%	\$ 4,225
PERS 2/3	\$ 4,218	0.000445%	\$ (44,329)

#### **Note 5 - PROPERTY TAX**

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

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

The Town of Beaux Arts Village's regular levy for 2021 was 0.84727 per \$1,000 on an assessed valuation of \$210,193,780 for a total regular levy of \$178,090 as set by Ordinance No. 446.

**Note 6 – RISK MANAGEMENT**

The Town of Beaux Arts Village 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, 2021, 105 entities participate in the AWC RMSA pool.

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

#### **Note 8 – JOINT VENTURES**

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Each Party makes an annual monetary contribution to fund ARCH operations based on the Executive Board's budget. In addition, most of the Parties make an annual contribution to the ARCH Trust Fund. Due to its small size and funding limitations, the Beaux Arts Council has chosen to make only contributions toward operating expenses at this time.

For fiscal year 2021, Beaux Arts Village contributed \$2,000 for ARCH operations.

Financial information can be obtained from ARCH, c/o Lindsay Masters, 16225 NE 87<sup>th</sup> St, Suite A-3, Redmond, WA 98052.

#### **Note 9 – COVID-19 PANDEMIC**

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of COVID-19. Precautionary measures to slow the spread of the virus continued through 2021. These measures included limitations on business operations, public events, gatherings, travel, and in-person interactions.

The Town of Beaux Arts Village is small and has no commercial activity, so the direct impact of these measures was minimal. In addition, Beaux Arts has no Town Hall, and the Town's clerk/treasurer and deputy clerk have worked from home offices for many years. Continuing this practice was simple. The only direct change was to minimize in-person contact with the general public out of an abundance of caution. In practice, this meant conducting business requiring the exchange of paperwork or payments either by mail, by email or by delivery.

With no Town Hall, the Town Council and Planning Commission hold their meetings in private homes under normal circumstances. Throughout 2021, both bodies conducted the meetings remotely. Public access to these remote meetings was publicized with the agenda for each meeting and posted in public places throughout town and on the Town's website. Public hearing notices were published and posted as required by local codes and state statutes.

The length of time these measures were expected to continue was unknown as of December 31, 2021. In May 2022, the Governor ended the restrictions on in-person meetings effective June 2022.

**Town of Beaux Arts Village**  
**Schedule of Liabilities**  
**For the Year Ended December 31, 2023**

<u>ID. No.</u>	<u>Description</u>	<u>Due Date</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
264.30	WA State PERS Pension Liability	12/31/2023	12,418	-	1,575	10,843
	<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>		<b>12,418</b>	<b>-</b>	<b>1,575</b>	<b>10,843</b>
	<b>Total Liabilities:</b>		<b>12,418</b>	<b>-</b>	<b>1,575</b>	<b>10,843</b>



**Town of Beaux Arts Village  
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>						
264.30	WA State PERS Pension Liability		4,425	7,993	-	12,418
	<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>		<b>4,425</b>	<b>7,993</b>	<b>-</b>	<b>12,418</b>
	<b>Total Liabilities:</b>		<b>4,425</b>	<b>7,993</b>	<b>-</b>	<b>12,418</b>

**Town of Beaux Arts Village  
Schedule of Liabilities  
For the Year Ended December 31, 2021**

<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>						
264.30	WA State PERS Pension Liability		17,740	-	13,315	4,425
	<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>		<b>17,740</b>	<b>-</b>	<b>13,315</b>	<b>4,425</b>
	<b>Total Liabilities:</b>		<b>17,740</b>	<b>-</b>	<b>13,315</b>	<b>4,425</b>

## 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](http://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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