



Office of the Washington State Auditor  
Pat McCarthy

# Financial Statements and Federal Single Audit Report

## Town of Eatonville

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

*Published March 24, 2025*

Report No. 1036845



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

March 24, 2025

Mayor and Town Council  
Town of Eatonville  
Eatonville, Washington

**Report on Financial Statements and Federal Single Audit**

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

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

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

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# SCHEDULE OF FINDINGS AND QUESTIONED COSTS

## Town of Eatonville January 1, 2023 through December 31, 2023

### SECTION I – SUMMARY OF AUDITOR’S RESULTS

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

#### Financial Statements

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

Internal Control over Financial Reporting:

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

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

#### Federal Awards

Internal Control over Major Programs:

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

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

We reported findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

## Identification of Major Federal Programs

The following program was selected as a major program in our audit of compliance in accordance with the Uniform Guidance.

<u>ALN</u>	<u>Program or Cluster Title</u>
20.205	Highway Planning and Construction

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

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

## SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

## SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

See Finding 2023-001.

## SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

### Town of Eatonville January 1, 2023 through December 31, 2023

#### **2023-001    The Town did not have adequate internal controls for ensuring compliance with federal procurement requirements.**

<b>Assistance Listing Number and Title:</b>	20.205, Highway Planning and Construction
<b>Federal Grantor Name:</b>	Federal Highway Administration, U.S. Department of Transportation
<b>Federal Award/Contract Number:</b>	N/A
<b>Pass-through Entity Name:</b>	Washington State Department of Transportation
<b>Pass-through Award/Contract Number:</b>	LA-7563
<b>Known Questioned Cost Amount:</b>	\$0
<b>Prior Year Audit Finding:</b>	N/A

#### ***Background***

During fiscal year 2023, the Town spent \$1,874,183 in federal Highway Planning and Construction program funds awarded from the Federal Highway Administration and passed through the Washington State Department of Transportation. During 2023, the Town used program funding on one project.

Federal regulations require recipients to establish and maintain internal controls that ensure compliance with program requirements. These controls include understanding program requirements and monitoring the effectiveness of established controls.

Federal regulations require recipients to follow their own documented procurement procedures, which must conform to the Uniform Guidance procurement standards found in 2 CFR 200.318-327. The procedures must reflect the most restrictive of federal, state or local procurement thresholds and methods when using federal funds. Additionally, federal regulations require recipients to maintain written standards of conduct that cover conflicts of interest and govern the actions of employees involved in selecting, awarding or administering contracts procured with federal funds.

### ***Description of Condition***

Our audit found the Town's internal controls were ineffective for ensuring compliance with federal procurement requirements. Specifically, the Town did not have procurement policies or procedures to ensure compliance with federal requirements. Further, the Town did not have standards of conduct policies or procedures covering conflicts of interest as federal regulations require.

We consider this deficiency in internal controls to be a significant deficiency.

### ***Cause of Condition***

This is the Town's first federal program audit since 2013. Since the Town does not regularly manage federal funds, staff did not know about the requirement to have written standards of conduct and procurement policies or procedures.

### ***Effect of Condition***

Without written policies and procedures, the Town is at an increased risk of not complying with following the most restrictive of federal, state or local procurement methods and standards of conduct requirements when using federal funds to procure contractors.

Although the Town does not have policies in place, it followed the procurement requirements in the Washington State Department of Transportation's Local Agency Guidelines Manual and complied with federal requirements for soliciting and awarding the public works contract we tested.

### ***Recommendation***

We recommend the Town develop written procurement and standards of conduct policies and procedures that conform to federal procurement standards in Uniform Guidance (2 CFR 200.318-327).

### ***Town's Response***

*The Town agrees with the findings as presented and is committed to adopting the required policies. The Town does typically not rely on federal funds of this magnitude and was not aware of the compliance requirements. The Town commits to developing written procurement standards in Uniform Guidance (2 CFR 200.318-327) and implementing internal controls to ensure compliance with federal procurement requirements at the Town staff level rather than relying so heavily on consultants.*

### ***Auditor's Remarks***

We appreciate the Town's commitment to resolve this finding. We will review the corrective action taken during our next regular audit. We thank the Town for its cooperation and assistance during the audit.

### ***Applicable Laws and Regulations***

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), section 516, Audit findings, establishes reporting requirements for audit findings.

Title 2 CFR Part 200, Uniform Guidance, section 303, Internal controls, describes the requirements for auditees to maintain internal controls over federal programs and comply with federal program requirements.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 935, Compliance Audits, paragraph 11.

Title 2 CFR Part 200, Uniform Guidance, section 318, General procurement standards, establishes requirements for written procedures.



## 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 Eatonville January 1, 2023 through December 31, 2023**

Mayor and Town Council  
Town of Eatonville  
Eatonville, 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 Eatonville, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town's financial statements, and have issued our report thereon dated March 17, 2025.

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 audit 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

March 17, 2025

## INDEPENDENT AUDITOR'S REPORT

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

#### **Town of Eatonville January 1, 2023 through December 31, 2023**

Mayor and Town Council  
Town of Eatonville  
Eatonville, Washington

### **REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM**

#### **Opinion on Each Major Federal Program**

We have audited the compliance of the Town of Eatonville, with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended December 31, 2023. The Town's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

#### **Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* are further described in the Auditor's Responsibilities for the Audit of Compliance 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination on the Town's compliance with the compliance requirements referred to above.

## Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Town's federal programs.

## Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. 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, *Government Auditing Standards* and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, 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 Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed; and
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance 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 over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2023-001, that we consider to be a significant deficiency.

### Town's Response to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Federal Award Findings and Questioned Costs. The Town's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## Purpose of this Report

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

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

Pat McCarthy, State Auditor

Olympia, WA

March 17, 2025

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### **Town of Eatonville January 1, 2023 through December 31, 2023**

Mayor and Town Council  
Town of Eatonville  
Eatonville, Washington

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

### **Unmodified and Adverse Opinions**

We have audited the financial statements of the Town of Eatonville, as of and for the year ended December 31, 2023, 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 Eatonville, and its changes in cash and investments, for the year ended December 31, 2023, 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 Eatonville, as of December 31, 2023, 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 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 audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town's financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Schedule of Liabilities is also presented for purposes of additional analysis, as required by the prescribed BARS manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2025 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

March 17, 2025

## **FINANCIAL SECTION**

### **Town of Eatonville January 1, 2023 through December 31, 2023**

#### **FINANCIAL STATEMENTS**

Fund Resources and Uses Arising from Cash Transactions – 2023  
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2023  
Notes to the Financial Statements – 2023

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

Schedule of Liabilities – 2023  
Schedule of Expenditures of Federal Awards – 2023  
Notes to the Schedule of Expenditures of Federal Awards – 2023

**Town of Eatonville**  
**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 Current Expense Fund</b>	<b>101 Street Fund</b>	<b>102 Transportation Benefit District</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	8,149,321	2,140,239	44,057	342,078
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	2,291,812	2,128,657	-	50,514
320	Licenses and Permits	149,232	119,251	-	-
330	Intergovernmental Revenues	2,687,107	160,744	2,350,253	-
340	Charges for Goods and Services	6,561,106	584,346	-	-
350	Fines and Penalties	23,972	23,972	-	-
360	Miscellaneous Revenues	591,253	182,298	7,994	15,122
Total Revenues:		12,304,482	3,199,268	2,358,247	65,636
<b>Expenditures</b>					
510	General Government	771,068	771,068	-	-
520	Public Safety	1,831,804	1,831,804	-	-
530	Utilities	5,396,991	18,735	-	-
540	Transportation	95,171	7,023	88,148	-
550	Natural/Economic Environment	254,791	241,289	-	-
560	Social Services	848	848	-	-
570	Culture and Recreation	121,922	121,922	-	-
Total Expenditures:		8,472,595	2,992,689	88,148	-
Excess (Deficiency) Revenues over Expenditures:		3,831,887	206,579	2,270,099	65,636
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	679,560	-	679,560	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	286,743	108,755	-	-
Total Other Increases in Fund Resources:		966,303	108,755	679,560	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	3,261,112	125,129	2,933,563	-
591-593, 599	Debt Service	269,880	22,235	-	-
597	Transfers-Out	679,560	145,999	-	144,655
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	219,139	106,539	-	-
Total Other Decreases in Fund Resources:		4,429,691	399,902	2,933,563	144,655
<b>Increase (Decrease) in Cash and Investments:</b>		<b>368,499</b>	<b>(84,568)</b>	<b>16,096</b>	<b>(79,019)</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	48,671	-	-	-
50831	Restricted	1,235,793	464,986	-	-
50841	Committed	2,002,221	320,959	-	263,058
50851	Assigned	3,961,410	-	60,151	-
50891	Unassigned	1,269,722	1,269,722	-	-
<b>Total Ending Cash and Investments</b>		<b>8,517,817</b>	<b>2,055,667</b>	<b>60,151</b>	<b>263,058</b>

The accompanying notes are an integral part of this statement.

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

		<b>110 Tourism Fund</b>	<b>301 REET Fund</b>	<b>401 Electric Fund</b>	<b>410 Water Fund</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	95,148	563,264	2,528,929	290,704
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	41,890	70,751	-	-
320	Licenses and Permits	-	-	-	29,581
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	2,637,671	1,185,666
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	8,509	42,136	92,159	34,673
Total Revenues:		50,399	112,887	2,729,830	1,249,920
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	2,686,981	760,430
540	Transportation	-	-	-	-
550	Natural/Economic Environment	13,502	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		13,502	-	2,686,981	760,430
Excess (Deficiency) Revenues over Expenditures:		36,897	112,887	42,849	489,490
<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	-	-	177,988	-
Total Other Increases in Fund Resources:		-	-	177,988	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	110,574	21,983
591-593, 599	Debt Service	-	-	-	135,696
597	Transfers-Out	-	149,336	239,570	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	21,273	91,327
Total Other Decreases in Fund Resources:		-	149,336	371,417	249,006
<b>Increase (Decrease) in Cash and Investments:</b>		<b>36,897</b>	<b>(36,449)</b>	<b>(150,580)</b>	<b>240,484</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	132,045	526,814	-	-
50841	Committed	-	-	1,088,676	98,090
50851	Assigned	-	-	1,289,675	433,099
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>132,045</b>	<b>526,814</b>	<b>2,378,351</b>	<b>531,189</b>

The accompanying notes are an integral part of this statement.

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

		<b>411 Sewer Fund</b>	<b>450 Storm Drain Fund</b>	<b>460 Refuse Fund</b>	<b>700 Cemetery Endowment Improvement</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	1,140,004	539,448	427,036	38,414
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	400	-	-	-
330	Intergovernmental Revenues	13,465	-	162,645	-
340	Charges for Goods and Services	933,535	211,655	1,008,233	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	128,319	39,032	30,754	10,257
Total Revenues:		1,075,719	250,687	1,201,632	10,257
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	612,904	152,453	1,165,488	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		612,904	152,453	1,165,488	-
Excess (Deficiency) Revenues over Expenditures:		462,815	98,234	36,144	10,257
<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	69,863	-	-	-
591-593, 599	Debt Service	111,949	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		181,812	-	-	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>281,003</b>	<b>98,234</b>	<b>36,144</b>	<b>10,257</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	48,671
50831	Restricted	111,948	-	-	-
50841	Committed	106,402	40,200	84,836	-
50851	Assigned	1,202,659	597,483	378,343	-
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>1,421,009</b>	<b>637,683</b>	<b>463,179</b>	<b>48,671</b>

The accompanying notes are an integral part of this statement.

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

		<u>Custodial</u>
308	Beginning Cash and Investments	2,187
388 & 588	Net Adjustments	-
310-390	Additions	23,763
510-590	Deductions	24,186
	Net Increase (Decrease) in Cash and Investments:	(423)
508	Ending Cash and Investments	1,764

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



**Town of Eatonville**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2023**

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

The Town of Eatonville was incorporated on October 28, 1909 and operates under the laws of the state of Washington applicable to a fourth-class Town with a Council – Mayor form of government. The Town of Eatonville is a general purpose local government and provides public safety, fire prevention, street improvements, parks, building inspection, community services, refuse and general administrative services. In addition the Town owns and operates its own cemetery, water, sewer and power systems.

The Town of Eatonville 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 *Notes to the Financial Statements*).
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balance 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 comprise its cash and investments, revenues and expenditures. The government’s resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements, except for fiduciary funds, which are presented by fund types. The total column is presented as “memo only” because any interfund activities are not eliminated. The following fund types are used:

**GOVERNMENTAL FUND TYPES:**

**General (Current Expense) Fund 001**

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

**Special Revenue Funds 100-199**

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

**Town of Eatonville**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2023**

Capital Projects Funds 300-399

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

Permanent Funds

These funds account for financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support programs for the benefit of the government or its citizenry.

**PROPRIETARY FUND TYPES:**

Enterprise Funds 400-499

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

**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 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 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 individual cost of more than \$5,000.00 and an estimated useful life in excess of 1 year. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Vacation leave may be accumulated up to 240 hours and is payable upon separation, retirement or death. Sick leave may be carried over up to 800 hours with 20% (not to exceed 96 hours) payable upon separation, retirement or death.

**Town of Eatonville**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2023**

The Governmental compensated absences amount as of December 31, 2023 is \$105,593.10. The Proprietary compensated absences amount as of December 31, 2023 is \$76,645.91.

F. Long-Term Debt

See Note 6 – *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 Town Council. When expenditures that meet restrictions are incurred, the Town of Eatonville intends to use the most restricted resources first.

Restrictions and commitments of Ending Cash and Investments consist of:

Tourism Fund. The Tourism fund had a restricted balance of \$132,044.81 as of December 31, 2023. This fund is restricted for Tourism.

Transportation Benefit District Fund. The Transportation Benefit District Fund had a committed balance of \$263,057.68 as of December 31, 2023. Fund balances are adopted by Ordinance and require Budget Amendment Ordinance to modify.

REET Fund. The REET Fund had a restricted balance of \$526,814.21 as of December 31, 2023. Funds are restricted for capital projects.

Current Expense Fund. The Current Expense Fund had a committed balance of \$320,958.90 as of December 31, 2023. Fund balances are adopted by Ordinance and require Budget Amendment Ordinance to modify.

American Rescue Plan Act. ARPA fund had a restricted balance of \$464,986.28. Fund balances are adopted by Ordinance and require Budget Amendment Ordinance to modify. Fund uses are restricted by the US Dept of Treasury.

Electric Fund. The Electric Fund had a committed balance of \$1,088,675.73 as of December 31, 2023. Fund balances are adopted by Ordinance and require Budget Amendment Ordinance to modify.

Water Fund. The Water Fund had a committed balance of \$98,089.77 as of December 31, 2023. Fund balances are adopted by Ordinance and require Budget Amendment Ordinance to modify.

Sewer Fund. The Sewer Fund had a committed balance of \$106,401.67 as of December 31, 2023. Fund balances are adopted by Ordinance and require Budget Amendment Ordinance to modify.

Per bond covenants, the Town is required to hold in a reserve fund one year's debt service payment. The reserve is not available for appropriation. As of December 31, 2023, the Sewer Fund had a Restricted balance of \$111,948.00 held to meet the requirements of the bond covenants.

Storm Fund. The Storm Fund had a committed balance of \$40,200.00 as of December 31, 2023. Fund

**Town of Eatonville**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2023**

balances are adopted by Ordinance and require Budget Amendment Ordinance to modify.

Refuse Fund. The Refuse Fund had a committed balance of \$84,836.26 as of December 31, 2023. Fund balances are adopted by Ordinance and require Budget Amendment Ordinance to modify.

**Note 2 - Budget Compliance**

The Town adopts annual appropriated budgets for general, special revenue and enterprise funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

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

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

<b>Fund/Department</b>	<b>Final Appropriated Amounts</b>	<b>Actual Expenses</b>	<b>Variance</b>
001-General Fund	\$5,596,849.00	\$3,392,592.39	\$2,204,256.61
101-Street Fund	\$4,226,647.99	\$3,021,713.69	\$1,204,934.30
102-TBD	\$403,820.72	\$144,654.93	\$259,165.79
110-Tourism Fund	\$104,172.00	\$13,502.39	\$90,669.61
130-REET Fund	\$707,150.40	\$149,336.53	\$557,813.87
401-Electric Fund	\$5,375,636.37	\$3,058,395.45	\$2,317,240.92
410-Water Fund	\$1,406,577.58	\$1,009,435.60	\$397,141.98
411-Sewer Fund	\$2,887,567.26	\$682,765.41	\$2,204,801.85
412-USDA Sewer Bond*	\$ 111,948.00	\$ 111,948.00	
450-Storm Drain Fund	\$737,311.61	\$152,450.87	\$584,860.74
460-Refuse Fund	\$1,676,915.30	\$1,165,488.30	\$511,427.00

\*Fund 412-USDA Sewer Bond rolls into fund 411-Sewer Fund when reporting on the C4.

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

**Note 3 – Deposits and Investments**

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

<b>Type of Investment</b>	<b>Town of Eatonville's own investments</b>	<b>Deposits &amp; Investments held by the Town – Fiscal Agency Remittance</b>	<b>Total</b>
L.G.I.P.	\$2,049,212.63		\$2,049,212.63

**Town of Eatonville**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2023**

Umpqua Bank	\$6,372,579.28	\$1,763.72	\$6,374,343.00
KeyBank Cash Account	\$ 2,544.03		\$ 2,544.03
Xpress Bill Pay holding	\$92,980.80		\$92,980.80
Cash on Hand/Petty Cash	\$500.00		\$500.00
<b>Total</b>	<b>\$8,517,816.74</b>	<b>\$1,763.72</b>	<b>\$8,519,580.46</b>

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

Investments in the State Local Government Investment Pool (LGIP)

The 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, online at [www.tre.wa.gov](http://www.tre.wa.gov).

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

**Note 4 - Interfund Loans**

The Eatonville Town Council approved Resolution 2021-LL on November 22, 2021. This Resolution approved terms for an interfund payback plan (Interfund Loan) from the Water Department to the Electrical Department. This was for Demand Charges that were inadvertently routed to the Water Fund rather than the Electrical Fund. The payback started in 2022. The Town Council approved Resolution 2022-A on January 10, 2022, amending the terms of the original interfund loan.

The following table displays interfund loan activity during 2023:

<b>Borrowing Fund</b>	<b>Lending Fund</b>	<b>Beginning Balance</b>	<b>New Loans</b>	<b>Payments</b>	<b>Ending Balance</b>
Water	Electric	\$462,886.51	\$0.00	\$91,326.68	\$371,559.83

**Note 5 – Leases**

The Town of Eatonville leases copiers from Ricoh through the State of Washington contract #05214. This lease began in October of 2019 and will end September of 2024. The monthly payment amount is \$356.14.

**Town of Eatonville**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2023**

The Town of Eatonville leases body cameras for the Police Department. This lease began in September of 2021 and will end August of 2026. When the lease began, the Town only had four body cameras. In April of 2022 the Town added 2 additional cameras and paid a prorated charge for the additional 2 cameras to get them on the same payment schedule as the remaining. The current monthly payment amount is \$330.00 payable in December for the following year. In 2023 the vendor only billed the Town for the 2 additional body cams through the month of June 2024. An additional payment of \$660.00 will need to be made in 2024.

The Town of Eatonville leases a Postage Meter. This lease began in March 2022 and will end February of 2027. The monthly payment amount is \$55.20. Payment is made on this lease quarterly.

The total amount paid for leases in 2023 was \$8,326,08. As of December 31, 2023, the future lease payments are as follows:

<b>Year Ending December 31</b>	<b>Total</b>
2024	\$7,827.66
2025	\$4,622.40
2026	\$1,982.40
2027	\$165.60

**Note 6 – Long-Term Debt**

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the Town and summarizes the Town's debt transactions for year ended December 31, 2023.

The debt service requirements for general obligation (GO) bonds and revenue bonds are as follows:

	<b>GO Bonds Principal</b>	<b>GO Bonds Interest</b>	<b>Revenue Bonds Principal</b>	<b>Revenue Bonds Interest</b>	<b>Total Debt</b>
2024	\$15,000.00	\$3,375.00	\$91,116.21	\$61,610.54	\$173,125.75
2025	\$15,000.00	\$2,625.00	\$93,123.08	\$59,401.80	\$172,174.88
2026	\$15,000.00	\$1,875.00	\$54,839.44	\$57,108.56	\$130,849.00
2027	\$15,000.00	\$1,125.00	\$57,019.03	\$54,928.97	\$130,100.00
2028	\$15,000.00	\$375.00	\$59,290.75	\$52,657.25	\$129,351.00
2029-2033			\$334,050.17	\$225,689.83	\$559,740.00
2034-2038			\$407,241.42	\$152,498.58	\$559,740.00
2039-2043			\$309,631.09	\$71,889.84	\$381,520.93
2044-2048			\$193,464.16	\$37,645.84	\$231,110.00
2049-2053			\$165,203.67	\$9,924.74	\$175,128.41

The Town of Eatonville also has one Interfund loan - See Note 4 – *Interfund Loans*.

**Town of Eatonville**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2023**

**Note 7 – Pension Plans**

A. State Sponsored Pension Plans

Substantially all of Town of Eatonville’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 Public Employees’ Retirement System (PERS) and Law Enforcement officers and Fire Fighters’ Retirement system (LEOFF).

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 (ACFR) that includes financial statements and required supplementary information for each plan.

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

**LEOFF Plan 1**

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

**LEOFF Plan 2**

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

On June 30, 2023 (the measurement date of the plans), the Town of Eatonville’s proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

<b>Plan Type</b>	<b>Employer Contributions</b>	<b>Allocation %</b>	<b>Liability/Asset</b>
PERS 1	\$52,487.71	0.00770300%	\$175,839.00
PERS 2/3	\$87,459.06	0.00994700%	(\$407,696.00)
LEOFF 1		0.00191200%	(\$56,749.00)
LEOFF 2	\$25,528.13	0.01131000%	(\$271,281.00)

**Town of Eatonville**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2023**

**Note 8 - Property Tax**

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

Property Tax Calendar:

January 1 – Tax is levied and becomes an enforceable lien against the properties.

February 14 – Tax bills are mailed.

April 30 – First of two equal installment payments are due.

May 31 – Assessed value of property established for next year's levy at 100 percent of market value.

October 31 – Second installment is due.

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

The Town of Eatonville's regular levy for the year 2023 was \$1.70 per \$1,000 on an assessed valuation of \$450,777,842 for a total regular levy of \$766,772.08.

The Town of Eatonville's EMS levy for the year 2023 was \$0.50 per \$1,000 on an assessed valuation of \$450,777,872 for a total regular levy of \$225,388.92.

**Note 9 – Risk Management**

The Town of Eatonville 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.



**Town of Eatonville**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2023**

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 property 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.

**Town of Eatonville**  
**Schedule of Liabilities**  
**For the Year Ended December 31, 2023**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
<b>General Obligation Debt/Liabilities</b>						
263.96	Town Hall Remodel	6/1/2028	85,000	-	10,000	75,000
	<b>Total General Obligation Debt/Liabilities:</b>		<b>85,000</b>	<b>-</b>	<b>10,000</b>	<b>75,000</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
259.12	Compensated Absences- Governmental		91,305	14,288	-	105,593
259.12	Compensated Absences- Proprietary		69,248	7,398	-	76,646
263.88	Alternative Filtration Plant - PW-05-691-014	6/1/2025	121,125	-	40,375	80,750
263.82	Source Development & Improvements	10/1/2023	90,393	-	90,391	2
263.82	USDA Sewer Improvements	6/15/2001	797,285	-	28,188	769,097
263.82	USDA Sewer Lagoon Liner	9/28/2012	935,765	-	20,632	915,133
263.57	Ricoh Copier	9/30/2024	7,478	-	4,274	3,204
263.57	PD Bodycams	8/31/2026	7,920	-	2,640	5,280
263.57	Postage Meter	2/26/2027	2,815	-	662	2,153
263.57	PD Bodycams-Additional	2/27/2027	4,620	-	660	3,960
264.30	Net Pension Liability		173,355	2,484	-	175,839
	<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>		<b>2,301,309</b>	<b>24,170</b>	<b>187,822</b>	<b>2,137,657</b>
	<b>Total Liabilities:</b>		<b>2,386,309</b>	<b>24,170</b>	<b>197,822</b>	<b>2,212,657</b>

**Town of Eatonville**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2023**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Department of Transportation)	Highway Planning and Construction	20.205	LA-7563	1,874,183	-	1,874,183	-	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE	COVID 19 CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027		-	216,231	216,231	-	
<b>Total Federal Awards Expended:</b>				<b>1,874,183</b>	<b>216,231</b>	<b>2,090,414</b>	<b>-</b>	

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

**Town of Eatonville**  
**Notes to the Schedule of**  
**Expenditures of Federal Awards**  
**For the Year Ended December 31, 2023**

**Note 1 – Basis of Accounting**

This Schedule is prepared on the same basis of accounting as the Town of Eatonville financial statements. The Town of Eatonville uses the Cash Basis Budgeting, Accounting and Reporting System (BARS) manual prescribed by the State Auditor's Office.

**Note 2 – Federal Loans**

Prior year loans are reported on the Town of Eatonville's Schedule of Liabilities.

**Note 3 – Federal De Minimis Indirect Cost Rate**

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



Town Clerk  
201 Center St W/PO Box 309  
Eatonville, WA 98328  
[townclerk@eatonville-wa.gov](mailto:townclerk@eatonville-wa.gov)  
360-832-3361 ext. 103

## **ACTION PLAN FOR FINDINGS REPORTED UNDER UNIFORM GUIDANCE**

### **Town of Eatonville January 1, 2023 through December 31, 2023**

This schedule presents the corrective action planned by the Town for findings reported in this report in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

<b>Finding ref number:</b> 2023-001	<b>Finding caption:</b> The Town did not have adequate internal controls for ensuring compliance with federal procurement requirements.
<b>Name, address, and telephone of Town contact person:</b> Miranda Doll 201 Center St. W Eatonville, WA 98328 (360) 832-3361	
<b>Corrective action the auditee plans to take in response to the finding:</b> <i>The Town commits to developing written procurement standards in Uniform Guidance (2 CFR 200.318-327) and implementing internal controls to ensure compliance with federal procurement requirements at the Town staff level rather than relying so heavily on consultants.</i>	
<b>Anticipated date to complete the corrective action:</b> July 1, 2025	

## 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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