From: Jones, Travis (SAO)
To: Steve Austin; Brillantes, Heide (SAO)
Subject: RE: Financial Statement Corrections & Meeting (3/7)
Date: Friday, March 4, 2022 3:15:00 PM
Attachments: image001.png
image004.png
image005.png
image006.png

Hi Steve,
In conjunction with our meeting on Monday, below are a few examples regarding the following notes:

- Statement C4: The 2019 Statement C4 does not report any reserved ending fund balances, however Note 1 discloses there are reserved amounts. The reserved amounts should materially agree to one another. In addition, the funds referenced in the Notes should reflect the associated funds reported on the C4.
- Notes to Financial Statements: The 2020 Statement C4 reports restricted and committed ending fund balances, however they do not agree to the restricted and committed amounts disclosed in Note 1. These amounts should materially agree to one another. In addition, the funds referenced in the Notes should reflect the associated funds reported on the C4.

2019 Example:
The screenshot below represents an example for the city to follow to demonstrate the reservations of the funds in Note 1 for 2019. The amounts reported in the note's table should agree back to the funds and reserved fund balance on the Statement C4 (as well as the Schedule 01 and GL essentially).

G. Reserved Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments is reported as reserved when it is subject to restrictions on use imposed by external parties or due to internal commitments established by County Commissioners. When expenditures that meet restrictions are incurred, the County intends to use reserved resources first before using unreserved amounts.

Reservations of Ending Cash and Investments consist of:

Reserved Funds	Ending Cash/Investments	Reserved by:
101- County Road	$1,027,387	RCW 36.82, Fed/State Grants
102 – Criminal Justice	$363,918	RCW 82.14.310
103 – Capital Improvements	$1,904,897	RCW 82.46.035
105 – County Fair Building	$76,105	Res. 07-03
106 – Law Library	$68,273	RCW 27.24.070
107 – Veteran's Relief	$24,484	RCW 73.08.010
109 – Emergency Services	$8,495	RCW 38.52.070
110 – Auditor's O&M	$841,692	RCW 36.22.170
112 – Noxious Weed	$69,686	RCW 17.10
113- Flood Control	$2,084,925	RCW 86.12
114 – Paths & Trails	$103,548	RCW 47.30 & 46.68.090

2020 Example:
The screenshot below represents an example for the city to follow to demonstrate the restrictions/commitments of the funds in Note 1 for 2020. The amounts reported in the note's table should agree back to the funds and reserved fund balance on the Statement C4 (as well as the Schedule 01 and GL essentially).

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 County Commissioners. When expenditures that meet restrictions are incurred, the County intends to use the most restricted resources first.

Restrictions and commitments of Ending Cash and Investments consist of:

Restricted/Committed Funds	Ending Cash/Investments	Reserved by:
101 – County Road	$384,774	RCW 36.82, Fed/State Grants
102 – Criminal Justice	$355,415	RCW 82.14.310
103 – Capital Improvements	$1,806,623	RCW 82.46.035
105 – County Fair Building	$76,105	Res. 07-03
106 – Law Library	$74,711	RCW 27.24.070
107 – Veteran's Relief	$23,006	RCW 73.08.010
109 – Emergency Services	$874	RCW 38.52.070
109.001 – Emergency Services Capital	$16,000	Res. 19-05
110 – Auditor's O&M	$891,021	RCW 36.22.170
111 – Public Safety	$680,681	RCW 82.14.450, Res. 19-24, Interlocal
112 – Noxious Weed	$106,800	RCW 17.10
113- Flood Control	$2,300,739	RCW 86.12
114 – Paths & Trails	$110,139	RCW 47.30 & 46.68.090
115 – DUI	$42,826	RCW 82.14.310
117 – Anatone Community Hall	$13,376	Res. 03-10
118 – Drug Seizure	$23,470	RCW 69.50.505 & 46.61.5058

Have a great weekend.
Thank you,

Travis Jones
Information Systems Auditor, Office of the Washington State Auditor
www.sao.wa.gov
We're on social! Follow us on Facebook, Twitter and LinkedIn.

From: Steve Austin <saustin@clarkston-wa.com>
Sent: Friday, March 4, 2022 11:34 AM
To: Brillantes, Heide (SAO) <brillantesh@sao.wa.gov>; Jones, Travis (SAO) <jonest@sao.wa.gov>
Subject: RE: Financial Statement Corrections & Meeting (3/7)

External Email

Thanks for the clarification.
Steve

From: Brillantes, Heide (SAO) <brillantesh@sao.wa.gov>
Sent: Friday, March 4, 2022 11:17 AM
To: Steve Austin <saustin@clarkston-wa.com>; Jones, Travis (SAO) <jonest@sao.wa.gov>
Subject: RE: Financial Statement Corrections & Meeting (3/7)

Hi Steve,

The Fire Department does not need to be involved in this meeting. To preface our meeting, we will be discussing the following:

- Statement C4: The 2019 Statement C4 does not report any reserved ending fund balances, however Note 1 discloses there are reserved amounts. The reserved amounts should materially agree to one another. In addition, the funds referenced in the Notes should reflect the associated funds reported on the C4.
- Notes to Financial Statements: The 2020 Statement C4 reports restricted and committed ending fund balances, however they do not agree to the restricted and committed amounts disclosed in Note 1. These amounts should materially agree to one another. In addition, the funds referenced in the Notes should reflect the associated funds reported on the C4.
- Schedule 09: I sincerely apologize for the error in my review, however the City was correct and originally reported the 2019

OPEB liability as an addition instead of a beginning balance.

- SEFA: The 2020 SEFA references footnote #2 for all federal awards, however this should only be referenced for awards that had indirect costs. In addition, the SEFA references footnote #8, but should be footnote #3.

We are preparing an example for how to best reflect reserved and restricted/committed fund balances in Note 1 and will share this during our meeting. The City can also wish to read the following BARS manual instructions:
https://sao.wa.gov/bars_gaap/reporting/notes-to-financial-statements/note-1-%e2%80%91-summary-of-significant-accounting-policies/

Sincerely,

Heide Brillantes
Assistant State Auditor, Office of the Washington State Auditor
Mill Creek Office: (425) 948-7401 | Direct Line: (425) 510-0481 | www.sao.wa.gov
Pronouns: She, Her, Hers
We're on social! Follow us on Facebook, Twitter and LinkedIn.

From: Steve Austin <saustin@clarkston-wa.com>
Sent: Friday, March 4, 2022 10:10 AM
To: Jones, Travis (SAO) <jonest@sao.wa.gov>
Cc: Brillantes, Heide (SAO) <brillantesh@sao.wa.gov>
Subject: RE: Financial Statement Corrections & Meeting (3/7)

External Email

Travis,
Monday at 9am should work for me. Is that something that we need the Fire Department to attend too? Or, is it just the financial/reporting side that I provided?
Steve

From: Jones, Travis (SAO) <jonest@sao.wa.gov>
Sent: Friday, March 4, 2022 10:07 AM
To: Steve Austin <saustin@clarkston-wa.com>
Cc: Brillantes, Heide (SAO) <brillantesh@sao.wa.gov>
Subject: Financial Statement Corrections & Meeting (3/7)

Good morning Steve,
The audit has undergone its final review, there are a few material corrections that will need to be made as soon as possible and submitted back to us to ensure we meet the single audit deadline. We will be providing a document later this afternoon that outlines the corrections to be made to the Financial Statements and the SEFA. Are you available for a meeting on Monday morning at 9:00 AM to go over these corrections? We will walk through the corrections with the city to answer any questions to ensure a quick turnaround. Please let us know if you have any questions or concerns.
Thank you,

Travis Jones
Information Systems Auditor, Office of the Washington State Auditor
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