

## GUIDANCE FOR INDIVIDUAL QUESTIONS

### **Definitions:**

**Entity:** The term “*entity*” predominantly refers to the local government entity completing this annual report and Schedule 22.

**Governing Body:** The term as used in the Schedule 22 refers to the elected or appointed body which governs the entity completing this annual report and Schedule 22.

**Best Practices:** The processes, practices, and systems identified in public and private organizations that performed exceptionally well and are widely recognized as improving an organization's performance and efficiency in specific areas. Successfully identifying and applying best practices can reduce business expenses and improve organizational efficiency (GAO). The best practices outlined in this schedule are not to be confused with required practices or compliance requirements.

**Disclaimer:** This guidance is prepared for all local governments; some questions might not directly align with your government’s purpose and operations.

## FINANCIAL ACTIVITY MONITORING

- 1. Is a reconciliation of the government's bank accounts (including accounts with the County Treasurer) to the general ledger/books performed? This would include a reconciliation of both ending cash and investment balances as well as total activity in the bank accounts to the general ledger/books (for total revenues, expenditures, and balances).**

Reconciliation is a control function of agreeing financial activity with an entity’s records and documents. The reconciliation process ensures that funds expended and received are properly accounted for and tracked by management of a local government.

The board should be reviewing monthly financial treasurer reports and its reconciliation. These reports need to be reviewed at least monthly by the board for accuracy and approved by the board and noted in the board meeting minutes.

- 2. Identify the personnel in charge of performing the reconciliation function and, if applicable, the personnel in charge of reviewing and monitoring the reconciliation function.**

If possible, reconciliations should be performed by someone who does not have authority and responsibility over the disbursement (writing checks, preparing vouchers and making electronics fund transfers) and receipting (authority and custody) of funds by the local government.

- 3. Journal Entries Process - Identify the personnel in charge of posting journal entries into the government's general ledger and, if applicable, the personnel in charge of reviewing and monitoring the journal entries being posted, both during the year and at year-end. The job position/title will be sufficient for the identification purpose.**

This question is only applicable for entities that use a general ledger to track their financial activity. Journal entries are transaction entries to record and adjust an entity’s log of financial transaction in their own accounting systems. If possible, the review and monitoring of the journal entries being

posted should be done by someone other than the personnel in charge of posting journal entries into the government's general ledger.

- 4. Has there been any change in the processes or procedures for the preparation of financial statements, including posting year-end journal entries? If yes, please identify the significant changes that occurred.**

Significant changes in process to prepare financial statements can take time to be fully integrate. Ensuring these changes are well communicated will ensure better application, consistency, and accuracy of the data contained in financial statements.

## PERMANENT FILES

- 5. Does the government have any changes in significant accounting estimates that have been used that are material to the financial statements? For example: compensated absence liabilities disclosed in the notes, any GASB 68 liabilities, etc.**

Some financial statement items cannot be measured precisely but can only be estimated. . A significant change in accounting estimates has the potential of materially changing the substance of a local government's financial statements. Providing this information will help financial statement users better understand a local government's financial position.

- 6. Has the government had any changes (additions or dispositions) of component units, joint ventures, etc., in the reporting year? If yes, please identify the addition or disposition.**

A change in the reporting entity's structure has the potential of materially changing the substance of a local government's financial statements and reporting requirements. Providing this information will help financial statement users better understand a local government's financial position.

- 7. Has the entity contracted out for or recently re-assumed responsibility for any major function the government provides?**

Please include any areas of your government that you have recently contracted out for, or if already contracting for, reassumed as part of the District for its employees to carry out.

- 8. Does the government have any special compliance requirements, such as those related to material contracts or interlocal agreements?**

If the District has any special compliance requirements, please explain them briefly. Special compliance requirements often appear due to specific language in agreements, contracts, or grants.

- 9. Does the government use the *Budgeting, Accounting and Reporting System (BARS) Chart of Accounts* for its internal accounting systems?**

By using the BARS chart of accounts as your internal accounting system, it provides the government with uniform accounting and financial reporting, detailed accounting and reporting instructions as a resource and consistent framework for financial reporting.

- 10. Is this the most current BARS chart of accounts?**

If the entity is using the BARS chart of accounts for its internal accounting system, it is important that the entity receive BARS updates and use the most updated copy of the BARS chart of accounts.

**11. Does the government use any key software applications (for example, for general ledger, cash receipting, payroll, tax assessments, etc.)? If yes, please list the application and its function in the text box provided.**

Does your entity use accounting software programs such as QuickBooks, Ganzer, Bias, Vision or other accounting packages? Some entities may only use payroll or billing software and others manually make calculations through Excel.

**12. Have there been any changes to the key accounting software from last year? For example: significant updates, changes in providers, etc.**

If yes, list out any changes or updates to the entity's accounting software programs and include any new providers. Also include if these changes had a significant impact on the entity's accounting records.

## **MATERIAL COMPLIANCE REQUIREMENT**

**13. Does the government have any licensing, regulatory, contracting or granting oversight agencies with the ability to impose material penalties or otherwise play a fundamental role in the entity's operations or ability to continue business?**

Noncompliance with external contracts or agreements may contain provisions for penalty that can affect the operations of a local government. If these exist, it is important to understand the requirements and ensure controls are in place to effectively carry out the compliance requirement.

**14. Is the government currently involved in any lawsuits?**

It is important to disclose any unsettled lawsuits in order to determine the current financial health and well-being of the entity. Lawsuits include the entity being sued or the entity suing someone.

**15. Did the Entity receive any non-SAO audits during the year?**

Has the entity been audited by any private or other governmental organization during the year? This includes grant monitoring audits, IRS audits, Department of Revenue, Labor and Industries, etc.

## **REVENUES AND EXPENDITURES**

**16. Does the Entity use a 3rd party vendor to bill or receipt funds? If yes, please list the vendor used and its purpose.**

Does the entity use an outside vendor to bill or receive revenue? For example, some entities use the County to bill or receive funds on behalf of the entity. Other entity types such as fire and water districts use a third party to bill for ambulance transportation or water sales revenue.

**17. Cash Receipting - Does the government have any written policies and procedures related to cash receipting? This includes procedures for ensuring that funds received are recorded on a pre-printed, pre-number receipt book wherein the mode of payment is noted (as either cash, check, EFT, etc.) and that funds received are deposited within 24 of receipt?**

All money received directly by the entity should be recorded, including electronical fund transfers (EFT), to a pre-printed, pre-numbered receipt book. The receipt book should also document the entity's name, source of funds, date and who received the funds. The BARS manual requires

receipting of all entity revenues. Policy should also state how the entity complies with the 24 hour deposit rule (RCW 43.09.240).

**18. Petty Cash – Does the government use any petty cash or imprest funds?**

A petty cash account (imprest, revolving fund, etc.) is any sum of money set aside for specific purposes such as minor disbursements, making change, payroll tax payments or other similar uses. Imprest accounts are only replenished from the county treasurer for the exact amount of receipted disbursements. Unless an entity has an expressed statutory authority to act as their own treasurer, they are only permitted to have imprest checking accounts.

**19. Are all petty cash and imprest accounts reconciled to the authorized balance (established by a resolution) by someone other than a custodian at least monthly?**

The governing body or its delegate should assure that the funds in the petty cash or imprest accounts are periodically counted and reconciled by someone other than the custodian, such as a governing body member. The Board should also have policies and procedures in place for the use and oversight of the account.

**20. Credit cards – Does the government have any debit/credit cards or charge accounts?**

Entities may have charge accounts at local businesses and issue employees credit cards to make purchases for the entity. Procurement cards that pay an annual rebate are available for local governments through the state Department of Enterprise Services contract with US Bank.

**21. How many cards does the government have?**

Include all credit cards issued in the name of the entity or name of employees that are authorized to make purchases for the entity.

**22. How many charge accounts does the government have?**

Include all charge accounts the entity has at local businesses.

**23. Does the government have written policies and procedures for appropriate use of credit/procurement cards and charge account purchases?**

All entities should have a written policy explaining allowable uses of credit cards and charge accounts for goods and services, including restricting the use of them for personal use.

**24. Payroll – Does the entity directly employ any staff?**

Does the entity have any employees or volunteers (either paid or non-paid) that provide services for the entity? Do not include staff members that have been contracted for externally.

## **SAFEGUARDING OF ASSETS**

- 25. Safeguarding Capital Assets – Does the government have an asset management policy that defines the entity’s capitalization threshold and protects assets susceptible to theft (including defining small and attractive assets)?**

The entity should have a capital asset policy that quantifies the dollar amount at which a disbursement is considered a capital expenditure and details how capital assets are recorded and tracked. Also, this policy should define the criteria for classifying small and attractive assets and their recording.

- 26. Please select one of the options to describe the Entity's risk assessment activities. Formal process, informal process, or ad hoc (on the fly or as needed).**

Formal process is structured, scheduled and documented processes to proactively identify, assess and respond to risks. Informal process is unstructured, undocumented and/or unscheduled processes to proactively identify risks. For example, an informal process may be the subject of a conversation or agenda item with the governing body at management meetings. Ad hoc is the government relying on individuals to react to their own perception or assessment of risks within their assigned roles and there is no process to proactively identify risks.

## **LOCAL/REGIONAL TRAUMA CARE COUNCIL QUESTIONS**

- 27. RCW 70.168.100 - Has the Council developed regional emergency medical service and trauma care plans to assess and analyze regional emergency medical services and trauma care needs, identify personnel, agencies, facilities, equipment, training and education to meet regional and local needs?**

Local and regional trauma care councils are required to create a strategic plan that focuses on the work the council plans to accomplish. These plans include goals, objectives, strategies and work relating to the implantation of these plans.

- 28. Has the Council submitted the plan to the Department of Health?**

After creating the care plan to assess and analyze regional medical services and trauma care needs, the plan should be submitted to the Department of Health.

- 29. Does the Council's management properly identify grants (federal or state) and expenditures related to the grants? Note: This question relates to the Council's proper monitoring of the grant funds and how and where it has been expended. Some grant funding is restricted for specific purposes and thus, should be properly monitored by management.**

Local/Regional Trauma Care councils are supported by grants which can come from both the state and federal level. Often, grants have additional restrictions and compliance requirements. It is important for management to keep track of funds for the Council’s grants received to ensure that they can account for the allowable use of the funds.

- 30. If applicable, does the Council ensure that required matching funds are spent for the Department of Health grant's program for designated trauma care services?**

The Council should ensure all matching funds are spent for the related DOH grant program for its designated trauma care services.

**31. If applicable, are all payments to the Executive Director reviewed by the Council's Board?**

The Council's Board should be reviewing all payments to the Executive Director in order to ensure the safeguarding of public funds. All payments to the Executive Director should be pre-authorized by the Board as an established compensation package, also reviewed by the Board when paid.

## **FIRE/EMS DISTRICT SPECIFIC QUESTIONS**

**32. Does the district provide Ambulance Transport Services?**

Many districts provide BLS or ALS ambulance transport services. Some districts provide the service to their residents for no fee while some districts charge a fee to non-district residents and other districts charge for each transport regardless of residency.

**33. Does the district prepare or contract for transport billing? If transport services are billed, attach a copy of the written transport billing policy and transport fee schedule.**

Every district that charges for transports should have a written transport policy which states the district's policy for transport services, invoicing, write offs, etc. and a detailed transport fee resolution approved by the governing body in an open public meeting. Districts cannot provide free transports to district's members' family or retired members if they charge district residents for transports.

**34. Does the District contract with another government for fire-fighting or EMS services rather than providing the service itself? This does not include mutual aid agreements.**

Some districts may choose to use its revenues to pay another entity to fight fires or provide EMS for the district.

## **WATER/SEWER DISTRICT SPECIFIC QUESTIONS**

**35. How many residential water hookups does the city/district have?**

Please report all active residential water hookups. For irrigation/reclamation, only include those hookups for potable drinking water

**36. How many commercial water hookups does the city/district have?**

Please report all active non-residential water hookups. For irrigation/reclamation, only include those hookups for potable drinking water

**37. How many residential sewer hookups does the city/district have?**

Please report all active residential water hookups.

**38. How many commercial sewer hookups does the city/district have?**

Please report all active residential water hookups.

## DIKE/DRAINAGE DISTRICT SPECIFIC QUESTIONS

- 39. Are any district levees currently rated as Unacceptable by the US Army Corps of Engineers? If yes, describe district actions to obtain an acceptable rating.**

If the US Army Corps of Engineers has rated any of the districts dikes as unacceptable, explain what actions the district is taking to bring the dikes up to required specifications.

- 40. Under what chapter of RCW Title 85 was the Diking or Drainage district formed or reorganized?**

If the district knows under what chapter of Title 85 the district was formed or reorganized, provide the information.

## TBD/EDC/IDC SPECIFIC QUESTIONS

- 41. What transportation improvement projects may be funded by the district per the district's plan or establishing ordinance?**

Briefly describe the projects that may be funded by the District per the ordinance, charter or plan as referred to in RCW 36.73.040, RCW 36.73.050 and RCW 36.73.160.

- 42. Are all revenues received by the entity immediately transferred to the creating entity?**

If expenditures consist of lump-sum contract payments, transfers or reimbursements to the creating entity as revenue is received, select "yes." If the entity holds cash and directly make specific expenditures as they arise, select "no."

- 43. Does the entity's establishing ordinance give a date when the entity will terminate operations? If yes, then when?**

If yes, note the termination date given in the establishing ordinance. Or if project(s) to be funded by the District are not perpetual, then give the estimated termination date (that is, 30 days from the estimated completion of the project as described in RCW 36.73.170).

- 44. Are all entity operations accounted for in the creating government's general ledger and subject to the same processes and controls over the creating government's transactions?**

Normally, governments that create other entities will act as the treasurer and fiscal agent for that entity and use their own accounting system and processes for transactions of the created entity. For example, a City creating a Transportation Benefit District will normally account for the TBD in the City's general ledger and process receipts and expenditures using the same personnel, processes and controls as established for City transactions. Occasionally, separate accounting systems or processes will be established specifically for the entity's transactions.

- 45. How is the entity accounted for on the creating government's financial statements?**

For example, an Industrial Development Corporation created by a GAAP Port would likely be presented as a discretely presented component unit of the Port's financial statements with appropriate disclosures. Or a Transportation Benefit District of cash basis City would likely be presented as an agency fund on the City's C5 Statement with appropriate disclosures. If the entity is not included in

the financial statements or notes of the creating government, enter “not reported.”

**46. Does the entity have an original financing plan and material changes policy?**

Select “yes” if the District has a formally established original financing plan and material changes policy as referenced in RCW 36.73.160.

**47. Describe outstanding tax-exempt bonds issued through the Industrial Development Corporation, including the original amount, beneficiary and administrative fee payable to the District for each.**

Describe outstanding tax exempt bonds issued through the development corporation, including the original amount, beneficiary and administrative fee payable to the district for each bond issue.

**48. When are outstanding tax exempt bonds anticipated to be fully repaid?**

Provide the anticipated date that outstanding tax exempt bonds will be full repaid.

**49. Does the Corporation receive any revenues other than administrative fees from tax-exempt bonds?**

If yes, list out all types of revenue the Corporation receives other than administrative fees from tax-exempt bonds.

## CONSERVATION DISTRICT SPECIFIC QUESTIONS

**50. Does the district have an approved policy manual in place that covers the district’s operations?**

A policy manual is important to ensure uniformity in district operational procedure.

**51. Has the board reviewed RCW 89.08.210 and .220, in the last year?**

Chapter 89.08 RCW states that the supervisors shall provide for the keeping of a full and accurate record of all proceedings, resolutions, regulations, and orders issued or adopted. The supervisors shall provide for an annual audit of the accounts of receipts and disbursements in accordance with procedures prescribed by regulations of the Commission.

**52. Is the district’s long-range plan current, in the correct format, and on file with the Commission?**

The district must have a current long-range plan and on file with the Commission. The plan must also be in the correct format.

**53. Is the district’s annual work plan current and on file with the Commission?**

Districts must have current annual work plans, in the correct format, on file with the Commission.

**54. Does the district have current written agreements with all conservation partners where resources are exchanged and they have been reviewed in the last 12 months?**

Districts must have current written agreements with all conservation partners.

**55. Has the district established a claims agent with the county auditor?**

RCW 4.96.0602(2) requires the governing body of each local governmental entity appoint an agent to receive any claim for damages. The identity of the agent and the address where he or she may be reached during the normal business hours of the local governmental entity are public records and should be recorded with the auditor of the county in which the entity is located.

**56. Does the district have a training plan for supervisors and employees?**

A training plan is important for employers and supervisors to become familiar with procedures and practices in the work place.

**57. Have all new supervisors taken advantage of training offered by the Conservation Commission?**

The Washington Conservation Commission offers a range of options for training, including live classes, webinars, etc.

**58. Does the district make its office, meetings and programs accessible to the public?**

The district office, meetings and programs must be accessible to the public.

**59. Were quarterly payments filed with the Department of Labor and Industries and match payroll records?**

Payments to the Department of Labor and Industries need to match the payroll records to avoid a misallocation of funds. The quarterly reports to L&I should be verified by the board.

**60. Was unemployment insurance paid for all employees to the Employment Security Department (ESD) and payments match payroll records?**

Payments to the Employment Security Department need to be reconciled with the payroll records to ensure accurate accounting. The quarterly reports to ESD should be verified by the board.

**61. Does the District have the required posters as shown on the list on the Labor and Industries website?**

All employers are required by state law to display the most current Labor and Industries posters.

**62. Were payments made to Social Security/Medicare or to a qualified retirement plan and match payroll records?**

District payroll records should be reconciled to Social Security/Medicare payments.

**63. Were employer share and withheld payroll taxes remitted to the Internal Revenue Service and match payroll records?**

Payments to the Internal Revenue Service need to be reconciled with the payroll records to ensure accurate accounting. The quarterly reports to IRS should be verified by the board.

**64. Are official minutes of all regular and special governing body meetings recorded and available for public inspection? Have you sent draft minutes to your Commission Regional Manager?**

RCW 42.32.030 states:

The minutes of all regular and special meetings except executive sessions of such boards, commissions, agencies or authorities shall be promptly recorded and such records shall be open to public inspection.

RCW 89.08.210 states in part:

The supervisors shall provide for the keeping of a full and accurate record of all proceedings, resolutions, regulations, and orders issued or adopted.

Meetings of district boards are subject to the Open Public Meetings Act (Chapter 42.30 RCW) which requires regular and special meetings to be open to the public. These should be verified annually by the supervisors.

**65. Is sales tax listed on a separate line on receipts?**

Sales tax should be easily identifiable and listed on a separate line on receipts.

**66. If sales tax was collected, was it remitted to the State Department of Revenue?**

All sales tax collected needs to be remitted to the State Department of Revenue.

## REQUIRED ATTACHMENTS

**67. Attach the meeting minutes and resolutions for all governing body meetings held during the last year.**

Minutes are an auditor's source to a District's business. Please include all regular meetings, special meetings, and other meeting's minutes of elected officials business discussed.

**68. Revenue Summary - Attach a copy of the year-end County Treasurer's report that show the total receipts for the year by revenue source. Governments who do not use a County Treasurer should mark, "NA."**

This report should be a third party revenue report that is detailed by the revenue type. This report may also be helpful to request from the County (or other fiscal agent) for use in completing other required forms, such as the Schedule 01.

**69. Detailed Expenditure List - Attach warrant registers, payroll registers, check registers and/or petty cash log detailing all expenditures made during the year. This includes those expenditures paid by the County on a District's behalf due to Treasurer responsibilities.**

Attach a detailed list of all expenditures for the year. The report should include all expenditures made during the fiscal year and include the following minimum information:

- Warrant/check number
- Payee
- Date paid (i.e., warrant date)
- Amount paid

Entities should also submit copies of imprest checking account activities and petty cash logs.

**70. Cash Receipting Policy - Attach a detailed description of the entity's invoicing, cash and**

**check receiving and deposit process. The description should include name of positions completing tasks in the process and all reconciliations and reviews performed. Include a copy of your written Cash and Check Receipting Policy or procedure if you have one. This request applies to all districts that invoice for a service (including third party billing services) or receive funds other than at the county treasurer (including charges for services or goods, fees, donations, grants, etc.).**

Every government that receives cash or checks (other than through the county treasurer) should have a written policy/procedure that directs staff how to process receipts when received either over the counter, through the mail or in a drop box. The policy should address receipting, securing receipts, depositing, reconciliations and accounting for receipts. If the district does not have a written policy, attach a detailed description of the process used by the district including the names of the positions participating in the process, and any reconciliations or reviews performed.

**71. Elected Official List - Attach a listing of the names of all governing body members present during the year, and include any business interest a governing body member or his/her household members hold. Please avoid sending Board-member/employees/volunteers SSI numbers or other personal information such as addresses, date of birth, etc.**

Attach a listing of all board members holding office during the year. List the full name of each member of the governing body and then list business owned or operated by the official or anyone in his/her household during the period of the audit. This information is needed to evaluate conflict of interest statutes.

**72. Rates and Fees - Attach rate and fee schedule in effect during the fiscal year and any related billing or fee policy.**

As applicable, attach official rate and fee schedule(s) in place during the reporting year for any revenues billed or received directly. For example, a water district fee schedule would include basic fee, water volume fees, shutoff fees, water availability letter fees, new hookup fees, etc.