

## SKAGIT COUNCIL OF GOVERNMENTS BOARD OF DIRECTORS MEETING

May 19, 2021

Anticipated start time is 2:15 p.m. following the Transportation Policy Board meeting

[GoToMeeting](#)

Dial In: 1 (866) 899-4679

Access Code: 413-377-381

### REVISED AGENDA

- 2:15 1. **Call to Order and Roll Call**
2. **Written Public Comments** – *Mark Hamilton*
- 2:20 3. **Consent Agenda**
- a. Approval of [April 21, 2021 Board of Directors Meeting Minutes](#)
  - b. Approval of [Accounts Payable Vouchers](#) and Payroll Certification  
AP voucher batch #136750, #136808 and #137047 in an amount totaling \$26,155.63; and payroll certification for April 2021 in the amount of \$34,262.10.
4. **Action Items**
- a. [Resolution 2021-04 Opposing the Imperial Metals Corporation's Exploratory Mining Permit and Urging Permanent Protection of the Skagit Headwaters In British Columbia](#) – *Commissioner Lisa Janicki*
  - b. [Proposed Bylaws Change](#) - *Kevin Murphy*
- 2:35 5. **Discussion Items**
- a. [Audit Exit Conference](#) – *Washington State Auditors*
6. **Chair's Report**
7. **Executive Director's Report**
8. **Roundtable and Open Topic Discussion**
9. **Next Meeting:** Wednesday, June 16, 2021, 2:15 p.m., [GoToMeeting](#)
- 2:55 10. **Adjourned**

#### Information:

[SCOG Financial Update](#)

[Actual vs Budget: January-March 2021](#)

[SCOG 2020 Annual Report](#)

#### [Meeting Packet](#)

**Title VI Notice:** SCOG fully complies with Federal civil rights laws and does not discriminate on the basis of race, color, national origin, or sex. For more information, or to obtain a Title VI Complaint Form, visit SCOG's website at <https://scog.net/about/nondiscrimination/>.

**Notificación del Título VI:** El SCOG cumple plenamente con las leyes de derechos civiles federales sin discriminar por motivos de raza, color, nacionalidad o género. Si desea más información o tener acceso al formulario de denuncia del Título VI, visite la página web del SCOG: <https://scog.net/about/nondiscrimination/>.



## BOARD OF DIRECTORS OFFICERS

Commissioner Lisa Janicki .....Chair

Mayor Jill Boudreau.....Vice-Chair

## BOARD OF DIRECTORS MEMBERSHIP AND VOTES

Anacortes.....1  
 Burlington .....1  
 Concrete.....1  
 Hamilton.....1  
 La Conner .....1  
 Lyman .....1  
 Mount Vernon .....1

Port of Anacortes.....1  
 Port of Skagit.....1  
 Samish Indian Nation.....1  
 Sedro-Woolley .....1  
 Skagit County .....3  
 Skagit Public Utility District.....1  
 Swinomish Indian Tribal Community .....1

## QUORUM REQUIREMENT

A quorum consists of a simple majority (9) of the total votes (16).

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SKAGIT COUNCIL OF GOVERNMENTS  
BOARD OF DIRECTORS  
MEETING MINUTES

Wednesday, April 21, 2021  
GoToMeeting Remote Meeting

**MEMBERS PRESENT**

Commissioner Lisa Janicki, Skagit County, Chair; Mayor Jill Boudreau, City of Mount Vernon, Vice-Chair; Commissioner Peter Browning, Skagit County; Mayor Laurie Gere, City of Anacortes; Commissioner Germaine Kornegay, Skagit PUD; Commissioner Steve Omdal, Port of Skagit; Mayor Steve Sexton, City of Burlington; Commissioner Ron Wesen, Skagit County; and Chairman Tom Wooten, Samish Indian Nation.

**STAFF PRESENT**

Kevin Murphy, Executive Director; Katie Bunge, Associate Planner; Pam Carlson, Finance Manager; and Mark Hamilton, Senior Transportation Planner.

**OTHERS PRESENT**

Richard Brocksmith, Skagit Watershed Council.

**MINUTES**

1. Call to Order: Commissioner Janicki called the meeting to order at 2:04 p.m.  
Roll Call: Roll was taken with a quorum present.
2. Written Public Comments: Mr. Hamilton explained that while there is no opportunity for verbal public comment during the remote meeting, written comments were accepted between the time when the meeting materials were released, and the day prior to the meeting. No public comments were received during that timeframe.
3. Consent Agenda
  - a. Approval of February 17, 2021 Board of Directors Meeting Minutes
  - b. Approval of Accounts Payable Vouchers and Payroll Certification  
AP voucher batch #136119 and #136298 in an amount totaling \$18,379.46; and payroll certification for February 2021 in the amount of \$34,262.10.
  - c. Approval of Accounts Payable Vouchers and Payroll Certification  
AP voucher batch #136547 and #136704 in an amount totaling \$26,238.59; and payroll certification for March 2021 in the amount of \$34,262.10.  
Chairman Wooten moved approval of the consent agenda items as presented, and Commissioner Browning seconded the motion. The motion carried unanimously.
4. Action Items
  - a. Imperial Mining Corporation's Mining Proposals in the Upper Skagit River Watershed in British Columbia: Commissioner Janicki explained that Richard Brocksmith from the Skagit

Watershed Council brought this information to the Board of Directors, and was interested in having the Board approve a letter asking the government of British Columbia not to allow mining in the headwaters of the Skagit River Watershed in British Columbia.

Mayor Gere stated that she had taken up the issue with the Anacortes City Council, and had prepared a letter and resolution. Anacortes has coordinated with Indian tribes and cities that had already taken a stand on this issue, and also coordinated with Skagit PUD.

Chairman Wooten encouraged the Board to take action. Mayor Boudreau stated that before taking action, she would like to see what a draft letter and resolution for consideration.

Commissioner Omdal stated that heavy metals from mining activity may affect crops and irrigation in the Skagit Valley, and noted Port of Skagit commissioners had unanimously passed a resolution to oppose the activity.

Board members discussed various aspects of the mining proposal including mitigation of project impacts, the implications of outsourcing heavy metal mining to developing nations, and past practices of the Imperial Mining Corporation.

Commissioner Janicki stated that she could draft a letter as Chair of the Board. Commissioner Browning asked to ensure that the letter would go to the right place, specifically a governing body within the British Columbia government.

Chairman Wooten moved to provide a letter and resolution to the Canadian government opposing the Imperial Mining Corporation action. Mayor Gere seconded the motion, and the motion carried, with Mayor Boudreau and Commissioner Wesen opposed.

## 5. Discussion Items

- a. First Reading of Proposed Bylaws Change: Mr. Murphy reminded the Board that a conversation began two months prior regarding changing the meeting dates and times to ensure a quorum for the Board of Directors meeting. After that initial discussion, an ad-hoc group met and considered meeting options. Skagit Transit governing body meetings may move to mornings, which is an action this other board would take independently. There are options for the Board of Directors to meet less often, potentially meeting four times a year rather than monthly. Meeting less frequently than monthly would require a bylaws change because the bylaws currently state that the Board of Directors will meet "once a month." The bylaws state that any change of the bylaws requires a two-thirds majority vote of all members.

Chairman Wooten inquired about anticipated future meeting length. Mr. Murphy responded that meetings would likely last around 30 minutes, but special meetings can also be called as needed. If Skagit Transit moves their meetings to the morning, the SCOG staff recommendation would be to move the Board of Directors to 1 p.m. with a Transportation Policy Board start time of 1:30 p.m., for months that both SCOG governing bodies meet.

Commissioner Janicki noted that Skagit Transit is currently moving into a large construction project, and expected that their governing body meetings would run longer than they typically have in the past. Mayor Sexton expressed concern about how these meeting changes could impact a return to in-person meetings with Skagit Transit and SCOG.

6. Chair's Report: Commissioner Janicki had nothing to report.
7. Executive Director's Report: Mr. Murphy notified the Board that letters and resolutions regarding the Imperial Mining Corporation's Mining Proposals are included in the meeting packet.

8. Roundtable and Open Topic Discussion: Mayor Sexton shared that Burlington’s Skagit First Steps Center is scheduled to open on May 15.
9. Next Meeting: The next meeting is Wednesday, May 19, 2021, at 2:15 p.m. via the GoToMeeting remote meeting platform.
10. Adjourned: Commissioner Janicki adjourned the meeting at 2:43 p.m.

Information Items: The Board was provided with a monthly financial update, letters and resolutions regarding Imperial Mining Corporation’s Mining Proposals, an intergovernmental-review form, and Board notes from March 17, 2021.

Approved,

\_\_\_\_\_

Date: \_\_\_\_\_

Kevin Murphy, Executive Director  
Skagit Council of Governments

\_\_\_\_\_

Date: \_\_\_\_\_

Commissioner Lisa Janicki, Skagit County  
Board of Directors Chair  
Skagit Council of Governments

DRAFT

**SKAGIT COUNCIL OF GOVERNMENTS**

**BATCH NUMBER: 136750**

**APRIL 2021**

**BATCH TOTAL: \$815.91**

NO.	Vendor Name	Invoice Number	Invoice Date	GL Code	Inv Amount
2021045	Workman's Comp WA State Dept of L&I	Qtr 1 2021	3/31/2021	699 21330 501 2300	\$407.52 (\$0.10)
2021046	SUTA Employment Security Department	Qtr 1 2021	3/31/2021	501 2900	\$193.72
2021047	Wa Paid Family & Medical Leave Wa St ESD; WPFML	Qtr 1 2021	3/31/2021	699 21471	\$214.77

**BATCH NUMBER: 136808**

**APRIL 2021**

**BATCH TOTAL: \$7,671.75**

NO.	Vendor Name	Invoice Number	Invoice Date	GL Code	Inv Amount
2021048	Employee Healthcare Benefits Association of WA Cities	5-2021	4/18/2021	501 2400	\$7,671.75

**BATCH NUMBER: 137047**

**MAY 2021**

**BATCH TOTAL: \$17,667.97**

NO.	Vendor Name	Invoice Number	Invoice Date	GL Code	Inv Amount
2021049	Supplies US Bank Visa		4/27/2021	501 4910	\$22.81
2021050	Supplies US Bank Visa		4/27/2021	501 4910	\$45.64
2021051	Fee US Bank Visa	24986080	4/21/2021	501 4910	\$652.20
2021052	Professional Services Wa State Auditor's Office	L1419778	4/9/2021	501 4910	\$11,196.90
2021053	Professional Services Green Valley Clean	470	4/30/2021	501 4910	\$265.00
2021054	Rent NECA	June 2021	5/31/2021	501 4910	\$3,200.00
2021055	Utilities Puget Sound Energy	Suite 100	5/3/2021	501 4910	\$37.95
2021056	Utilities Puget Sound Energy	suite 101	5/3/2021	501 4910	\$29.67
2021057	Copier Lease Ricoh USA, Inc.	104930033	5/3/2021	501 4910	\$209.17
2021058	Professional Services Resource Systems Group, Inc.	48699	4/30/2021	501 4910	\$904.31
2021059	Professional Services Resource Systems Group, Inc.	48700	4/30/2021	501 4910	\$1,064.95
2021060	Expense Reimbursement Katie Bunge	April 2021	4/30/2021	501 4910	\$39.37

## RESOLUTION 2021-04

### OPPOSING THE IMPERIAL METALS CORPORATION'S EXPLORATORY MINING PERMIT AND URGING PERMANENT PROTECTION OF THE SKAGIT HEADWATERS IN BRITISH COLUMBIA

**WHEREAS,** the Skagit Council of Governments (SCOG) is a council of governments established to study regional and governmental problems of mutual interest in Skagit County, Washington, as agreed to by the Board of Directors and consistent with those regulations set forth in Chapter 36.64.080 of the Revised Code of Washington;

**WHEREAS,** in March 2019, the mining company Imperial Metals Corporation applied to the British Columbia, Canada, Ministry of Energy, Mines and Petroleum Resources to explore in the region of the Skagit River watershed for copper and gold deposits;

**WHEREAS,** the permit application by Imperial Metals Corporation is currently pending and available for public comment;

**WHEREAS,** SCOG has grave concern about Imperial Mining Corporation's mining proposals in the upper Skagit River watershed area known as the "Donut Hole", and the impacts these proposals will have on our communities, environment, and future;

**WHEREAS,** the headwaters of the Skagit River originate in British Columbia and flow into the State of Washington, and into Skagit County, through culturally sensitive, ecologically sensitive and other important lands;

**WHEREAS,** the Skagit River watershed and its connected aquifers are the sources for the region's drinking water;

**WHEREAS,** maintaining the quality and quantity of the water supply is of utmost importance to the region;

**WHEREAS,** the governments of the Province of British Columbia and the State of Washington have long recognized the interdependent nature of their decisions affecting their shared environment in the basin of Puget Sound and the Salish Sea; and

### **NOW THEREFORE BE IT RESOLVED BY THE SKAGIT COUNCIL OF GOVERNMENTS:**

That due to the potential and significant risk to the Skagit River watershed, the region's water supply, and regional economy posed by the potentially dangerous contaminating effects of mining operations, the Skagit Council of Governments expresses its strong opposition to

Imperial Metals Corporation’s exploratory mining permit and potential mining in the Skagit River watershed. We further request the Province of British Columbia and the State of Washington work diligently to permanently protect the area in the headwaters known as the “Donut Hole” by extinguishing all mineral extraction and development rights.

Adopted: May 19, 2021

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Commissioner Lisa Janicki, Skagit County  
Board of Directors Chair

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Kevin Murphy  
Executive Director

DRAFT

## ACTION ITEM 4.B. – PROPOSED BYLAWS CHANGE

### Document History

MEETING	DATE	TYPE OF ITEM	STAFF CONTACT	PHONE
Board of Directors	04/21/2021	Discussion	<a href="#">Kevin Murphy</a>	360-416-7871
Board of Directors	05/19/2021	Action	<a href="#">Kevin Murphy</a>	360-416-7871

## RECOMMENDED ACTION

Staff recommends adoption of the proposed change to the Bylaws.

Note this action requires **two-thirds (11 members)** of the Board of Director to vote in favor of the change.

## FISCAL IMPACT

None.

## DISCUSSION

A discussion occurred at February 17 Board of Directors (BOD) meeting regarding what could be done to facilitate a quorum at BOD meetings. A number of ideas were suggested including changing times/date, adjusting quorum requirements, or meeting frequency. The BOD suggest an ad-hoc group meet to bring forward a proposal to the BOD. The ad-hoc members included BOD Chair Janicki, and Vice-Chair Boudreau, Transportation Policy Board (TPB) Chair Johnson, and Skagit Transit Executive Director Dale O'Brien. The group met on March 4, 2021 and discussed various ideas to help ensure a BOD quorum. A consensus proposal was reached that includes:

1. Consider moving Skagit Transit Board of Directors meeting to the morning. This would ensure the Transportation Policy Board (TPB) always starts at a specific time. Skagit Transit will consider this.
2. Changing the BOD to meet less often, based on when actions need to occur. This would require a bylaws change, see below for proposed change and a complete [strikethrough version](#).
  - a. Based on bylaws, agreements, and procedures staff has determined this would require meetings in February (Indirect Cost Plan), August (Membership Dues), and October or November, (Annual Budget). Direction to staff on membership dues could be given at a May meeting.

The proposed bylaws change was discussed at the April 21, 2021 Board of Directors meeting. No additional changes were suggested at that time.

**Proposed Bylaws change:**

**ARTICLE V  
The Board of Directors**

**Section 1.** Regular Meeting Date: The Board shall convene in a regular meeting ~~once a month~~ at a consistent date and determined by the Board to be mutually convenient to the members. The Place of the regular meeting shall be set by the Board at its preceding regular meeting.

Changing the SCOG Bylaws requires a first reading of the proposed change with action consider at a subsequent meeting. Amendment of the Bylaws shall require a two-thirds vote of the entire SCOG Board of Directors, which is 11 members.

**BYLAWS OF THE  
SKAGIT COUNCIL OF GOVERNMENTS**

**PREAMBLE**

These Bylaws are made pursuant to authority granted by Chapter 36, Laws of 1959 as amended, and RCW 36.64.090, and to carry out the Skagit Council of Governments Agreement ratified on the \_\_\_\_ day \_\_\_\_\_, 2014 (the "Agreement").

**ARTICLE I  
Purpose**

The purpose of the Skagit Council of Governments ("SCOG") shall be to exercise the authority delegated granted to it by the parties in the Agreement.

**ARTICLE II  
Organization**

The agency shall be organized into a conference, consisting of representatives of all voting member agencies as defined by the Agreement. SCOG shall be governed by a Board of Directors ("Board") consisting of representatives of the voting members; a Transportation Policy Board ("TPB") shall establish transportation policy as authorized by the Agreement. The Board of Directors may establish such other committees as it may deem in the best interests of SCOG.

**Section 1.** Representation on the Board and TPB of the Skagit Council of Governments shall consist of elected officials from the voting member agencies and representatives of associate members, as defined in the Agreement.

**ARTICLE III  
Officers**

**Section 1.** The officers of the Skagit Council of Governments shall be a Chairperson and Vice-Chairperson of the Board of Directors.

**Section 2.** Elections: The Chair and Vice-Chair of the Skagit Council of Governments shall be elected by a majority vote the Board of Directors voting on the question. Nomination of candidates for the Chair and Vice-Chair shall be presented to the Board of Directors and the officers elected, at its first regular meeting of each calendar year; provided, that the officers of SCOG in office when this Agreement becomes effective shall remain in office until new officers are elected in conformance with Section III (2).

**Section 3.** Term: The Chair and Vice-Chair shall serve for one year and their terms of office shall upon their election. When the chair's term expires the vice-chair shall become chair and a new vice-chair shall be elected. In the event of a vacancy in the Chair, the Vice-Chair shall succeed to said office for the unexpired portion of the term. In the event there is a vacancy in the Vice-Chair, the Chair shall appoint a new Vice-Chair for the unexpired portion of the term. In the event there is a vacancy in the office of the Chair and Vice-Chair, the Board of Directors shall elect from its

membership a new Chair and Vice-Chair to serve the unexpired portion of the terms.

**ARTICLE IV**  
**Duties of Officers**

**Section 1.** Chair. The Chair shall preside over the meetings of the Board, and shall be responsible for the preparation of the agenda for said meetings. The Chair shall ensure that the functions of SCOG are carried out to the best of his or her ability. The Chair shall have the responsibility to direct the Executive Director and the staff, and shall make such reports as needed.

**Section 2.** Vice-Chair. The Vice-Chair shall preside and perform the duties of the Chair in the absence of the Chair.

**ARTICLE V**  
**The Board of Directors**

**Section 1.** Regular Meeting Date: The Board shall convene in a regular meeting ~~once each month~~ at a consistent date and determined by the Board to be mutually convenient to the members. The Place of the regular meeting shall be set by the Board at its preceding regular meeting.

**Section 2.** Composition: The Board shall be composed of members, as provided for in the Agreement. Each voting member of all entities shall be represented in the Board by its duly elected chief executive or by an elected official designated by the governing body of the member. Each voting member shall also select an alternate representative in the same manner. Alternates shall also be an elected official. Other members that do not have elected officials on their governing body shall designate their representatives. Each voting member of SCOG shall be entitled to one seat on the Board; with the exception of Skagit County which shall have three (3) seats, one for each Commissioner. If the officially designated member-representative or the officially designated alternate member-representative is unable to attend a specific meeting, then the member-representative may designate, for that meeting only, an additional alternative member representative. This additional alternate will have all rights, privileges and authorities exercised by the member-representative and his/her appointed alternate.

**Section 3.** Notice: Written notice and the agenda of all Board meetings shall be delivered, mailed, or transmitted electronically to all board members at least five calendar days prior to the meeting and distributed in compliance with Chapter 42.30 RCW and posted on the SCOG web site.

Special meetings may be called by the Chair or upon the written request of a majority of voting members in accordance with RCW 42.30.080. Notice of special meetings must be given in compliance with RCW 42.30.080. The notice must state the time, place, and purpose of the meeting.

**Section 4.** Purpose: The purpose of the Board is to provide governance for SCOG.

**Section 5.** Duties. The Board has the functions and authorities as defined in the Agreement and those activities reasonably related thereto.

**Section 6.** Quorum: A quorum of the Board shall be a simple majority of the total voting members.

**Section 7.** Voting: Each member shall have one vote on the Board; with the exception of Skagit County which shall have three votes, one for each Commissioner present or represented.

**Section 8.** All actions of the Board shall be by majority vote of the members present or represented (tie votes shall result in non-passage of the question) unless otherwise provided by law or in these Bylaws, and shall be taken at the regular or special meetings of the Board of Directors as provided for by these Bylaws; except that these Bylaws may be amended at any regular meeting only by two-thirds vote of the voting membership; provided, that the proposed amendments have been submitted in writing at a previous regular meeting. Bylaws may be suspended at any meeting by the unanimous vote of the members present, provided, such attendance constitutes at least two-thirds of the voting membership.

**Section 9.** Policy Boards. The Board may create policy boards or committees to assist SCOG in carrying out the authorities and functions pursuant to the Agreement.

**Section 10.** Committees: In addition to the Revolving Loan Fund Committee appointed by the Board of Directors in Article V, Section 11 below, the Board may appoint such other committees as it may determine at its discretion, from time to time, for such purpose as the Board may deem appropriate and for such actions as may be delegated to such committee. Such committees shall be composed and formed as the Board may direct.

**Section 11.** Revolving Loan Fund Committee: The Board shall appoint a Revolving Loan Fund Committee (RLF) to provide oversight and direction to the revolving loan fund program. The RLF Committee shall have authority pursuant to the RLF management plan. Membership of the Revolving Loan Fund Committee shall include three (3) representatives from the Board and two (2) other members appointed by the Board. RLF Committee members shall generally serve terms of three (3) years. In determining membership of the Revolving Loan Fund Committee the Board shall consider representation from businesses, banking, and other areas of importance to the success of businesses. The Revolving Loan Fund Committee shall normally meet monthly at a time and location as determined by the Committee.

**Section 12.** Associate Members. Any jurisdiction of general purpose government not a party to the Agreement, and any jurisdiction of special purpose government, may be admitted to associate membership by a majority vote of the Board. Associate members may serve on the policy boards and committees or subcommittees of the Board as a non-voting member, at the Board's discretion.

**Section 13.** Participation by Telephone: When extraordinary circumstances prevent attendance by a member or alternate, such member or alternate may participate in a meeting by telephone conference or other electronic communications media so long as all members may simultaneously hear each other and participate during the meeting. Participation by such means shall constitute presence in person at a meeting for purposes of establishing a quorum, voting, and for all other purposes.

**ARTICLE VI**  
**The Transportation Policy Board**

**Section 1.** Regular Meeting Dates: The Transportation Policy Board (TPB) shall convene in a regular meeting once each month at a consistent date and determined by the TPB to be mutually convenient to the members. The Place of the regular meeting shall be set by the board at its preceding regular meeting.

**Section 2.** Composition: The TPB shall be composed voting member agencies, as provided for in the Agreement. Each member shall be represented on the TPB by its duly elected chief executive or by an official designated by the governing body of the member. The representative of major employer will be recommended by the governing board of the Economic Development Association of Skagit County (EDASC), whom shall be confirmed and appointed by the TPB. WSDOT shall designate a high-level staff person to serve on the TPB. WSDOT shall convey to the TPB Chair in January of each year who their designated members shall be. Appointment to, representation by, and allocation of votes among, each of the following entity types shall be determined by each entity group by majority vote: Towns, Ports and Tribes. Should the members of any entity group not agree on a method of appointment, representation and voting by July 11, 2014 the SCOG Board shall determine the appointment, representation and voting allocation for such entity(ies). The final action with respect to the appointment, representation and voting allocation for the foregoing entity groups shall be included in SCOG Bylaws. Thereafter, those Bylaws provisions pertaining to appointment, representation and voting allocation for those entity groups may only be altered upon approval of a majority of the members of the entity group.

In accordance with RCW 47.80.040 as currently adopted or as amended, any members of the Washington State House of Representatives or Senate whose districts are wholly or partly within the boundaries of the regional transportation planning organization are considered ex officio, nonvoting members of the TPB.

**Section 3.** Board Officers: The TPB shall elect from its membership a chair and vice-chair. The term of office for the chair and vice chair shall be one year. When the chair's term expires the vice-chair shall become chair and a new vice-chair shall be elected. The primary duties of the chair shall be to preside over the meetings of the Board. In absence of the chair, the vice chair shall preside at the meetings. In his or her absence, a chair pro-tem shall be selected from the Board members present.

**Section 4.** Notice: Written notice and the agenda of all regular TPB meetings shall be delivered, mailed, or transmitted electronically to all board members at least five days prior to the meeting.

Special meetings may be called by the Chair or upon the written request of a majority of voting members in accordance with RCW 42.30.080. Notice of special meetings must be given in compliance with RCW 42.30.080. The notice must state the time, place, and purpose of the meeting.

**Section 5.** Purpose: The purpose of the TPB shall be to exercise on behalf of the Skagit Council of Governments the authority pursuant to the Agreement and under federal and state laws as the Skagit Metropolitan Planning Organization and the Regional Transportation Planning Organization for

Skagit County. The TPB shall function as the Sub-Regional Transportation Policy Board as per the Skagit Island Regional Transportation Planning Organization (“SIRTPO”) Agreement. Should the TPB cease to function as the Sub-Regional Policy Board for the SIRTPO, it shall nonetheless continue to function as the Regional Transportation Planning Organization for Skagit County.

**Section 6.** Duties. The TPB has the functions and authorities as defined in the Agreement.

**Section 7.** Quorum: A quorum for the TPB shall consist of a simple majority of its total votes pursuant to the Agreement, provided that there is at least one County representative present.

**Section 8.** Voting: Each member/representative shall have votes as prescribed in the Agreement and for Towns, ports and Tribes established by the process set forth herein. Actions will be decided by a simple majority of the quorum.

**Section 9.** Committees: The TPB may appoint such other committees as it may determine at its discretion, from time to time, for such purpose as the TPB may deem appropriate and for such actions as may be delegated to such committee. Such committees shall be composed and formed as the TPB may direct but shall not: (1) act on behalf of the TPB; (2) take testimony; or (3) take public comment.

**Section 10.** Participation by Telephone: When extraordinary circumstances prevent attendance by a member or alternate, such member or alternate may participate in a meeting by telephone conference or other electronic communications media so long as all members may simultaneously hear each other and participate during the meeting. Participation by such means shall constitute presence in person at a meeting for purposes of establishing a quorum, voting, and for all other purposes.

## **ARTICLE VII Executive Director**

The Board shall retain an Executive Director to operate the Council and to implement the mission, goals, objectives, policies, and guidelines established by the Council. Subject to Board oversight, the Executive Director is authorized to establish and implement business, management, administrative, and employment policies, and to employ such personnel as the Executive Director determines necessary to effectively manage and operate the Council. The Executive Director may delegate this authority to appropriate SCOG staff to facilitate efficient management and operation of the agency. The Executive Director shall be appointed, removed and/or evaluated by the Board.

**Section 1.** The Executive Director shall be responsible for overall supervision and management of the business of the Skagit Council of Governments including, without limitation of the foregoing: keeping a written record of all actions of the Board, TPB and other policy boards established in accordance with these Bylaws; receiving monies payable to the Skagit Council of Governments and disbursement thereof as authorized by the Board of Directors; maintaining accurate and complete accounts of all receipts and disbursements; supervising all studies and programs authorized by the Skagit Council of Governments; supervising all staff, including the hiring and firing of staff; and performing such other duties or authorities as may be assigned to the Executive Director from time to

time by the Board, the TPB, or the Chair.

**Section 2.** The Executive Director shall have authority to execute contracts or expenditures with a value of ten thousand dollars (\$10,000) or less in the name of the Council which are in conformance with the approved budget or other Board (Board or TPB) authorization without prior approval. Contracts or expenditures \$10,000 or less and greater than \$4,999 shall also include approval by the chair of the Board. A contract in which the Skagit Council of Governments is party and which is in an amount greater than ten thousand dollars (\$10,000) shall require the prior approval of the Board or TPB before execution by the Executive Director.

**Section 3.** The Executive Director is authorized to enter into agreements on behalf of the SCOG whenever the Executive Director determines it to be advantageous or when such services are part of in SCOG's normal operations and within the budget set by the Board.

**Section 4.** The Executive Director shall have authority to manage the Revolving Loan Fund Program pursuant to the revolving loan fund management plan; *provided* that the Board shall approve all loans.

**Section 5.** The Executive Director shall prepare a work program and budget, under direction of the Board of Directors or committee thereof.

#### **ARTICLE VIII Work Program and Budget**

**Section 1.** The work program and budget for SCOG shall be presented to the Board for review, revision, and adoption. The work program shall consist of projects and activities to be undertaken by SCOG and Staff during the subject budget year. The work program and budget shall be consistent with the transportation work program identified within the unified planning and work program (UPWP) adopted by the TPB.

**Section 2.** The Board of Directors shall control all expenditures in accordance with the adopted work program and budget, with the exception of those expenditures included in the transportation work program (UPWP) and shall have the power to amend the work program and budget to meet unanticipated needs or changed conditions. The TPB shall control the UPWP and expenditures therein.

**Section 3.** The budget shall set the local financial contribution of the members for the following year. The amount shall be determined by a method deemed equitable by the Board and approved by the Board. The preliminary budget and dues shall be set and adopted no later than the regular meeting in August of each year and a final dues and final budget shall be adopted by the last meeting in December of each year.

**ARTICLE IX**  
**Funds, Claims & Expenditures, Financial Reports**

**Section 1.** All funds of the Council shall be deposited with the Skagit County Treasurer to the account of the Skagit Council of Governments. Annual contributions of the participating agencies shall be made as soon as possible after January 1 of each year and shall be made payable to the Skagit Council of Governments in care of the Skagit County Treasurer. Disbursements shall be made only by the Skagit County Treasurer upon warrants drawn by the Skagit County Auditor.

**Section 2.** Expenditures of the Council shall be approved by the Board each month and account payable certifications shall be signed by at least three members of the Board of Directors. Approval shall be noted in the meeting minutes.

**ARTICLE X**  
**Public Participation**

The Agency shall seek involvement in its planning process of the general public, community and neighborhood organizations in urban and rural areas, large and small private sector interests, and local, regional and state government and shall comply with applicable federal or state and/or regulations.

**ARTICLE XI**  
**Open Meetings**

To ensure appropriate notice, public involvement, and effective regional decision-making, all meetings of the Skagit Council of Governments will be conducted consistent with SCOG's adopted Public Participation Plan. The Board and TPB shall comply with the Washington Open Public Meetings Act (Chapter 42.30 RCW) and the Washington Public Records Act (Chapter 42.56 RCW). The Executive Director shall prepare for Board's approval a public records policy as required by RCW 42.56.040.

**ARTICLE XII**  
**Amendments to Bylaws**

These bylaws may be amended at any regular meeting of the Board of Directors by two-thirds vote of the voting membership; provided, that the proposed amendments shall have been submitted in writing at a previous regular meeting of the Board. Amendment of Article VI the TPB must be reviewed and agreed to by the TPB. Bylaws may be suspended at any meeting by the unanimous vote of the members present, provided, such attendance constitutes at least two-thirds of the voting membership.

[Balance of page intentionally left blank]

Document History:

**ADOPTED** June 18, 2014.

**AMENDED** July 16, 2014. Appendix A added to Bylaws

AMENDED XXXX, 2021. Deleted monthly Board of Directors meeting requirement

**Appendix A – Transportation Policy Board Voting Representation among Entity Groups (Ports, Towns and Tribes)**

All SCOG members of each entity group shall be allowed to send a representative to the Transportation Policy Board. When a question is called for, and a vote taken, the vote of the entity group shall be determined by the majority of the entity group representatives present. Tie votes within the representatives of the entity group will be counted as a null vote.



# Office of the Washington State Auditor

Pat McCarthy

## **Exit Conference: Skagit Council of Governments**

The Office of the Washington State Auditor's vision is increased trust in government. Our mission is to provide citizens with independence and transparent examinations of how state and local governments use public funds, and develop strategies that make government more efficient and effective.

The purpose of this meeting is to share the results of your audit and our draft reporting. We value and appreciate your participation.

### **Audit Reports**

We will publish the following reports January 1, 2019 through December 31, 2020:

- Accountability for public resources audit - see draft report.
- Financial statement audit - see draft report.

### **Audit Highlights**

Due to the current health pandemic, the audit was performed remotely. This was an unprecedented, but necessary approach and we worked closely with the Council to find the most successful route through these changes. We recognize the significant impact on Council operations while responding to COVID-19 and appreciate the Council's efforts to respond to our questions and requests timely while balancing other concerns.

Specifically, we would like to thank Finance Manager Pam Carlson for answering our questions and promptly providing requested information. The Council continues to demonstrate its commitment to fiscal accountability and accurate financial reporting.

### **Communications required by audit standards**

In relation to our financial statement audit report, we would like to bring to your attention:

- There were no material misstatements in the financial statements corrected by management during the audit.
- There were no uncorrected misstatements in the audited financial statements.

### **Finalizing Your Audit**

#### **Representation Letter**

We have requested a listing of management representations. We will provide the signed letter to the government board with our concluding communications.

## **Report Publication**

Audit reports are published on our website and distributed via e-mail in an electronic .pdf file. We also offer a subscription service that allows you to be notified by email when audit reports are released or posted to our website. You can sign up for this service at: <https://secureaccess.wa.gov/FIM2MFA/sps/sawmfaidp/saml20/login>

## **Audit Survey**

When your report is released you will receive an audit survey from us. We value your opinions on our audit services and hope you provide feedback.

## **Audit Cost**

Within the engagement letter, we estimated the cost of the audit to be \$17,000 and actual audit costs will approximate that amount.

## **Your Next Scheduled Audit**

Your next audit is scheduled to be conducted in 2023 and will cover the following general areas:

- Accountability for Public Resources for January 1, 2021 through December 31, 2022.
- Financial statement for January 1, 2021 through December 31, 2022.

The estimated cost for the next audit based on current rates is \$17,000 plus \$1,000 travel expenses. This preliminary estimate is provided as a budgeting tool and not a guarantee of final cost.

These estimates are based on timely access to financial information and no significant audit reporting issues. The estimated cost and completion date may change if unforeseen issues arise or if significant audit issues are identified necessitating additional audit work.

If expenditures of federal awards are \$750,000 or more in any fiscal year, notify our Office so we can schedule your audit to meet federal single audit requirements. Federal awards can include grants, loans, and non-cash assistance such as equipment and supplies.

## **Working Together to Improve Government**

### **Local Government Support Team**

This team provides support services to local governments through technical assistance, comparative statistics, training, and tools to help prevent and detect a loss of public funds. Our website and client portal offers many resources, including a client Help Desk that answers auditing and accounting questions. Additionally this team assists with the online filing of your financial statements.

### **The Center for Government Innovation**

The Center for Government Innovation of the Office of the Washington State Auditor is designed to offer services specifically to help you help the residents you serve at no additional cost to your government. What does this mean? We provide expert advice in areas like Lean, peer-to-peer networking and culture-building to help local governments find ways to be more efficient, effective and transparent. The Center can help you by providing assistance in financial management, cybersecurity and more. Check out our best practices and other resources that help local governments act on accounting standard changes, comply with regulations, and respond to recommendations in your audit. The Center understands that time is your most precious commodity as a public

servant, and we are here to help you do more with the limited hours you have. If you are interested in learning how we can help you maximize your effect in government, call us at (564) 999-0818 or email us at [Center@sao.wa.gov](mailto:Center@sao.wa.gov).

### **Questions?**

Please contact us with any questions about information in this document or related audit reports.

**Kelly Collins, CPA, Director of Local Audit, (564) 999-0807, [Kelly.Collins@sao.wa.gov](mailto:Kelly.Collins@sao.wa.gov)**

**Tina Watkins, CPA, Assistant Director of Local Audit (360) 260-6411 [Tina.Watkins@sao.wa.gov](mailto:Tina.Watkins@sao.wa.gov)**

**Deena Garza, Audit Manager (360) 676-2165 or [Deena.Garza@sao.wa.gov](mailto:Deena.Garza@sao.wa.gov)**

**Susanne Hancock, CPA, Assistant Audit Manager (360) 676-2165 or [Susanne.Hancock@sao.wa.gov](mailto:Susanne.Hancock@sao.wa.gov)**

**Shana Grove, Audit Staff (360) 676-2165 or [Shana.Grove@sao.wa.gov](mailto:Shana.Grove@sao.wa.gov)**



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# Accountability Audit Report

## Skagit Council of Governments

For the period January 1, 2019 through December 31, 2020

*Published (Inserted by OS)*

Report No. 1028169



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

Issue Date – (Inserted by OS)

Board of Directors  
Skagit Council of Governments  
Mount Vernon, Washington

**Report on Accountability**

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The Office of the Washington State Auditor takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for Council operations. This information is valuable to management, the governing body and public stakeholders when assessing the government’s stewardship of public resources.

Attached is our independent audit report on the Council’s compliance with applicable requirements and safeguarding of public resources for the areas we examined. We appreciate the opportunity to work with your staff and value your cooperation during the audit.

Sincerely,

Pat McCarthy  
State Auditor  
Olympia, WA

***Americans with Disabilities***

*In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at [webmaster@sao.wa.gov](mailto:webmaster@sao.wa.gov).*

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## AUDIT RESULTS

### Results in brief

This report describes the overall results and conclusions for the areas we examined. In those selected areas, Council operations complied, in all material respects, with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of public resources.

In keeping with general auditing practices, we do not examine every transaction, activity, policy, internal control, or area. As a result, no information is provided on the areas that were not examined.

### About the audit

This report contains the results of our independent accountability audit of the Skagit Council of Governments from January 1, 2019 through December 31, 2020.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

This audit was conducted under the authority of RCW 43.09.260, which requires the Office of the Washington State Auditor to examine the financial affairs of all local governments. Our audit involved obtaining evidence about the Council's use of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters. The procedures performed were based on our assessment of risks in the areas we examined.

Based on our risk assessment for the years ended December 31, 2020 and 2019, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Payroll – gross wages, leave balances and accruals
- Procurement – professional services
- Financial condition
- Open public meetings – documentation of minutes, executive sessions and special meetings

## RELATED REPORTS

### Financial

Our opinion on the Council's financial statements is provided in a separate report, which includes the Council's financial statements. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

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## INFORMATION ABOUT THE COUNCIL

The Skagit Council of Governments was created by County Commission on March 14, 1967 and operates under the laws of the state of Washington applicable to a voluntary governmental agency. The Skagit Council of Governments is the State-designated and Federally-recognized transportation planning agency for Skagit County. The council also provides a forum for its members to cooperate and collaborate with each other as local governmental units, municipalities and organizations. The Council provides staff support for regional transportation planning in Skagit County.

The Council is governed by a 17-member Board of Directors which consists of elected officials representing the cities of: Anacortes, Burlington, Mount Vernon, and Sedro Woolley; the towns of: Concrete, Hamilton, La Conner, and Lyman; Skagit County, Skagit PUD, the Port of Anacortes, the Port of Skagit County, Skagit Transit, Swinomish Tribal Community and the Samish Indian Nation. An Executive Director is appointed by the Board of Directors to oversee the Council’s daily operations and its employees. For fiscal years 2019 and 2020, the Council incurred operating expenditures of \$607,079 and \$698,998 respectively.

Contact information related to this report	
Address:	Skagit Council of Governments 315 S. 3rd Street, Suite 100 Mount Vernon, WA 98273
Contact:	Pam Carlson, Finance Manager
Telephone:	(360) 416-7875
Website:	www.scog.net

*Information current as of report publish date.*

### Audit history

You can find current and past audit reports for the Skagit Council of Governments at <http://portal.sao.wa.gov/ReportSearch>.

## 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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# Financial Statements Audit Report

## Skagit Council of Governments

For the period January 1, 2019 through December 31, 2020

*Published (Inserted by OS)*

Report No. 1028213



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

Issue Date – (Inserted by OS)

Board of Directors  
Skagit Council of Governments  
Mount Vernon, Washington

**Report on Financial Statements**

Please find attached our report on the Skagit Council of Governments financial statements.

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

Sincerely,

Pat McCarthy  
State Auditor  
Olympia, WA

***Americans with Disabilities***

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## INDEPENDENT AUDITOR'S REPORT

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

### Skagit Council of Governments January 1, 2019 through December 31, 2020

Board of Directors  
Skagit Council of Governments  
Mount Vernon, 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 Skagit Council of Governments, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Council's financial statements, and have issued our report thereon dated May 19, 2021.

We issued an unmodified opinion on the fair presentation of the Council'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 Council 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.

As discussed in Note 3 to the 2020 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the Council is unknown. Management's plans in response to this matter are also described in Note 3.

## INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audits of the financial statements, we considered the Council's internal control over financial reporting (internal control) to determine the 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 Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council'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 Council'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 in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Council's financial statements are free from material misstatement, we performed tests of the Council's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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

Council'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 Council'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.



Pat McCarthy  
State Auditor  
Olympia, WA

May 19, 2021

# INDEPENDENT AUDITOR'S REPORT

## Report on the Financial Statements

### Skagit Council of Governments January 1, 2019 through December 31, 2020

Board of Directors  
Skagit Council of Governments  
Mount Vernon, Washington

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Skagit Council of Governments, for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Council's financial statements, as listed on page 11.

### Management's Responsibility 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 *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor 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.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control

relevant to the Council’s preparation and fair presentation of the financial statements 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 Council’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1, the Skagit Council of Governments has prepared these financial statements to meet the financial reporting requirements of state law using 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 financial statements referred to above present fairly, in all material respects, the cash and investments of the Skagit Council of Governments, and its changes in cash and investments, for the years ended December 31, 2020 and 2019, on the basis of accounting described in Note 1.

### **Basis for 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. The effects on the financial statements of the variances between GAAP and the accounting practices the Council used, as described in Note 1, although not reasonably determinable, are presumed to be material. As a result, we are required to issue an adverse opinion on whether the financial statements are presented fairly, in all material respects, in accordance with GAAP.

### **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 Skagit Council of Governments, as of December 31, 2020 and 2019, or the changes in financial position or cash flows thereof for the years then ended, due to the significance of the matter discussed in the above “Basis for Adverse Opinion on U.S. GAAP” paragraph.

## Matters of Emphasis

As discussed in Note 3 to the 2020 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the Council is unknown. Management's plans in response to this matter are also described in Note 3. Our opinion is not modified with respect to this matter.

## Other Matters

### *Supplementary and Other Information*

Our audits were conducted for the purpose of forming opinions on the financial statements taken as a whole. The Schedules of Liabilities are presented for purposes of additional analysis, as required by the prescribed BARS manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

## OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2021 on our consideration of the Council's internal control over financial reporting and on our 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 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 Council's internal control over financial reporting and compliance.



Pat McCarthy  
State Auditor  
Olympia, WA

May 19, 2021

## FINANCIAL SECTION

### Skagit Council of Governments January 1, 2019 through December 31, 2020

#### FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2020  
Fund Resources and Uses Arising from Cash Transactions – 2019  
Notes to Financial Statements – 2020  
Notes to Financial Statements – 2019

#### SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2020  
Schedule of Liabilities – 2019

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## 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.

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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.

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(866) 902-3900
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[webmaster@sao.wa.gov](mailto:webmaster@sao.wa.gov)

MAY 19, 2021

OFFICE OF THE WASHINGTON STATE AUDITOR  
11 BELLWETHER WAY, SUITE 211  
BELLINGHAM, WA 98225

TO THE OFFICE OF THE WASHINGTON STATE AUDITOR:

We are providing this letter in connection with your audit of Skagit Council of Governments for the period from January 2019 through December 31, 2020. Representations are in relation to matters existing during or subsequent to the audit period up to the date of this letter.

Certain representations in this letter are described as being limited to matters that are significant or material. Information is considered significant or material if it is probable that it would change or influence the judgment of a reasonable person.

We confirm, to the best of our knowledge and belief, having made appropriate inquiries to be able to provide our representations, the following representations made to you during your audit. If we subsequently discover information that would change our representations related to this period, we will notify you in a timely manner.

**General Representations:**

1. We have provided you with unrestricted access to people you wished to speak with and made available all relevant and requested information of which we are aware, including:
  - a. Financial records and related data.
  - b. Minutes of the meetings of the governing body or summaries of actions of recent meetings for which minutes have not yet been prepared.
  - c. Other internal or external audits, examinations, investigations or studies that might concern the objectives of the audit and the corrective action taken to address significant findings and recommendations.
  - d. Communications from regulatory agencies, government representatives or others concerning possible material noncompliance, deficiencies in internal control or other matters that might concern the objectives of the audit.
  - e. Related party relationships and transactions.
  - f. Results of our internal assessment of business risks and risks related to financial reporting, compliance and fraud.

2. We acknowledge our responsibility for compliance with requirements related to confidentiality of certain information, and have notified you whenever records or data containing information subject to any confidentiality requirements were made available.
3. We acknowledge our responsibility for compliance with applicable laws, regulations, contracts and grant agreements.
4. We have identified and disclosed all laws, regulations, contracts and grant agreements that could have a direct and material effect on the determination of financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
5. We have complied with all material aspects of laws, regulations, contracts and grant agreements.
6. We acknowledge our responsibility for establishing and maintaining effective internal controls over compliance with applicable laws and regulations and safeguarding of public resources, including controls to prevent and detect fraud.
7. We have established adequate procedures and controls to provide reasonable assurance of safeguarding public resources and compliance with applicable laws and regulations.
8. We have no knowledge of any loss of public funds or assets or other illegal activity, or any allegations of fraud or suspected fraud involving management or employees.
9. In accordance with RCW 43.09.200, all transactions have been properly recorded in the financial records.

**Additional representations related to the financial statements:**

10. We acknowledge our responsibility for fair presentation of the financial statements and believe financial statements are fairly presented in accordance with the *Budgeting, Accounting and Reporting Standards Manual* (BARS Manual), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.
11. We acknowledge our responsibility for establishing and maintaining effective internal control over financial reporting.
12. The financial statements properly classify all funds and activities.
13. Revenues are appropriately classified by fund and account in accordance with the BARS Manual.
14. Expenses are appropriately classified by fund and account, and allocations have been made on a reasonable basis.

15. Ending cash and investments are properly classified as reserved and unreserved.
16. Significant assumptions we used in making accounting estimates are reasonable.
17. The following have been properly classified, reported and disclosed in the financial statements, as applicable:
  - a. Interfund, internal, and intra-entity activity and balances.
  - b. Related-party transactions, including sales, purchases, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
  - c. Joint ventures and other related organizations.
  - d. Guarantees under which the government is contingently liable.
  - e. All events occurring subsequent to the fiscal year end through the date of this letter that would require adjustment to, or disclosure in, the financial statements.
  - f. Effects of all known actual or possible litigation, claims, assessments, violations of laws, regulations, contracts or grant agreements and other loss contingencies.
18. We have accurately disclosed to you all known actual or possible pending or threatened litigation, claims or assessments whose effects should be considered when preparing the financial statements. We have also accurately disclosed to you the nature and extent of our consultation with outside attorneys concerning litigation, claims and assessments.
19. We acknowledge our responsibility to include all necessary and applicable disclosures required by the BARS Manual, including:
  - a. Description of the basis of accounting, summary of significant accounting policies and how this differs from Generally Accepted Accounting Principles (GAAP).
  - b. Disclosures similar to those required by GAAP to the extent they are applicable to items reported in the financial statements.
  - c. Any additional disclosures beyond those specifically required by the BARS Manual that may be necessary for the statements to be fairly presented.
20. We acknowledge our responsibility for reporting supplementary information, the schedule of liabilities, in accordance with applicable requirements and believe supplementary information is fairly presented, in both form and content in accordance with those requirements.
21. We have disclosed to you all significant changes to the methods of measurement and presentation of supplementary information, reasons for any changes and all significant assumptions or interpretations underlying the measurement or presentation.
22. We believe there are no uncorrected misstatements that would be material individually and in the aggregate to the financial statements taken as a whole.

23. We acknowledge our responsibility not to publish any document containing the audit report with any change in the financial statements, supplementary and other information referenced in the auditor's report. We will contact the auditor if we have any needs for publishing the audit report with different content included.

DocuSigned by:  
*Kevin Murphy, Executive Director*  
711DD13472BE409...

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Kevin Murphy  
Executive Director

DocuSigned by:  
*Pam Carlson*  
C287A089900543B...

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Pam Carlson  
Finance Manager

Financial Position

For the Month Ended:	4/30/2021	3/31/2021	2/28/2021	1/31/2021	12/31/2020
General Fund Balance	575,492	585,710	498,139	423,359	383,646
Accounts Receivable	52,951	58,104	133,362	214,843	110,014
Accounts Payable	(12,971)	(22,057)	(265)	(1,067)	(25,508)
Net Working Capital	<u>615,472</u>	<u>621,757</u>	<u>631,236</u>	<u>637,135</u>	<u>468,152</u>

**Skagit Council of Governments**  
**Year to Date Actual vs. Budget**  
January through March 2021

	<u>Actual</u> <u>Jan - March</u> <u>2021</u>	<u>Annual</u> <u>Budget</u> <u>2021</u>	<u>\$ Over</u> <u>(Under)</u> <u>Budget</u>	<u>% of</u> <u>Budget</u>
<b>Revenues</b>				
333 · Federal Grants	176,826	668,437	(491,611)	26%
334 · State Grants	33,658	75,561	(41,903)	45%
337 · Local	2,975			
338.2 · Dues & Other Local	140,395	177,395	(37,000)	79%
361.11 · Investment Interest	128	0	128	100%
367 · Contributions&Donations Private	0	0	0	0%
369 · Non-Governmental & Misc. Income	272	0	272	100%
<b>Total Revenues</b>	<u>354,254</u>	<u>921,393</u>	<u>(567,139)</u>	<u>38%</u>
<b>Expenses</b>				
505 · Advertising / Legal Notices	435	6,500	(6,065)	7%
510 · Conferences & Training	140	16,000	(15,860)	1%
515 · Computer & Software Expenses	0	6,550	(6,550)	0%
520 · Dues and Subscriptions	598	4,035	(3,437)	15%
525 · Equipment & Furniture Purchases	0	1,000	(1,000)	0%
530 · Equipment Lease	628	2,550	(1,922)	25%
532 · Fees	658	21,775	(21,117)	3%
533 · Finance Charges & Interest	0	0	0	0%
535 · Insurance Expense	5,259	5,700	(441)	92%
538 · Meeting Expenses	0	450	(450)	0%
540 · Pass Through Funding	0	0	0	0%
545 · Phones	0	0	0	0%
550 · Postage	0	400	(400)	0%
555 · Payroll Salaries and Wages	84,877	348,397	(263,520)	24%
556 · Payroll Taxes & Benefits	30,268	166,373	(136,105)	18%
557 · Printing	0	1,800	(1,800)	0%
560 · Professional Services	25,760	268,550	(242,790)	10%
565 · Rent Expense	9,600	38,400	(28,800)	25%
570 · Repairs and Maintenance	0	500	(500)	0%
575 · Supplies	43	3,000	(2,957)	1%
580 · Travel	0	10,000	(10,000)	0%
585 · Utilities	364	3,300	(2,936)	11%
595 · Other Expenses	0	0	0	0%
<b>Total Expenses</b>	<u>158,630</u>	<u>905,280</u>	<u>(746,650)</u>	<u>18%</u>
<b>Net Increase (Decrease) in Cash</b>	<u><u>195,624</u></u>	<u><u>16,113</u></u>	<u><u>179,511</u></u>	



# About Skagit Council of Governments



Skagit Council of Governments connects Skagit County’s leaders to build a stronger region. Since 1968, SCOG has existed as a voluntary organization of local governments, and a regional planning resource.

Today, SCOG is the federally-designated Metropolitan Planning Organization (MPO) and state-designated Regional Transportation Planning Organization (RTPO) for the Skagit region. Additionally, SCOG coordinates administration of the Growth Management Act (GMA) in the Skagit region through its annual GMA work program.

By coordinating transportation decision making and policy development as well as GMA activities, SCOG engages its fifteen member governments, partners, stakeholders, and the community in developing long-term solutions for the region’s challenges.

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*Cover: A rainbow appears above Cape Horn Road Credit: Andy Porter Photography*



# Executive Director's Message

COVID-19 has hit the region hard, causing substantial job losses, disrupting lives and unfortunately losing loved ones. No one can predict how the pandemic will affect the region's economy in the long term, nor how it might change travel and commuting patterns. The pandemic has affected SCOG, our members, and how we function and do business. Throughout 2020 SCOG continued to support our members with planning resources, transportation funding and regional data. SCOG also provides a place for leaders to work together on solving the challenges of today and the future.

Like other organizations and businesses, SCOG had to adjust to new ways of keeping our day to day operations going. Technology is allowing us to keep working remotely. We expect many sectors will increase remote work when compared to 2019 for the foreseeable future - and likely well after the pandemic is over. SCOG will continue to track data on telecommuting, jobs, travel patterns and other trends to inform regional and local planning.

Our focus going forward is on supporting efforts to protect public health, while fulfilling our mission to ensure a strong and vibrant region now and in the future.

A handwritten signature in blue ink, appearing to read "Kevin Murray". The signature is fluid and cursive, written on a light-colored background.

# Member Agencies



## *County*

Skagit County

## *State*

Washington State

## *Transit*

Skagit Transit

## *Special Districts*

Skagit PUD #1

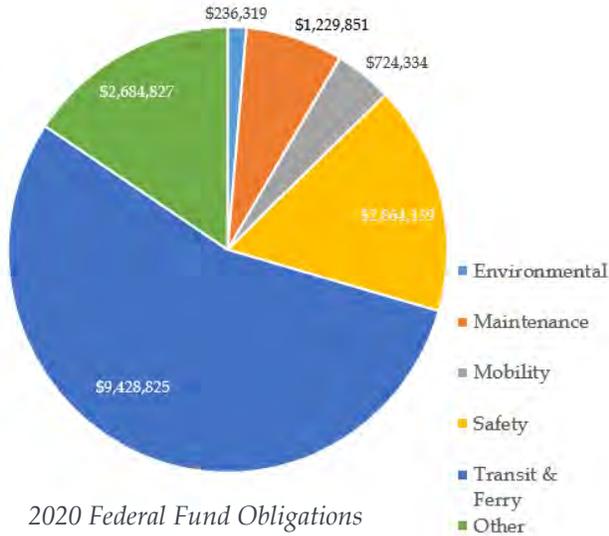
# 2020 in Transportation

**\$17,168,294** in federal funds were obligated for transportation projects

**\$2,740,623** in grant funds were returned to state and federal governments

**\$259,986** in regional funds obligated by Skagit Transit:

- *Speed Bumps at Skagit Station*
- *Purchase Real-Time Equipment*
- *Purchase Bus Shelters and Seating*
- *Purchase Solar Light Kits*



2020 Federal Fund Obligations  
by Project Type

## In 2020, 11 Projects Obligated \$3,261,362 in Regional Funds:

*Anacortes:* Ship Harbor Blvd and SR 20 Spur Intersection  
R Avenue Improvements

*Mount Vernon:* Freeway Drive, Cameron Way to College Way  
Kulshan Trail Lighting

*Samish Indian Nation:* SR 20/Campbell Lake Rd. Intersection Improvement

*Skagit County:* Josh Wilson Road Phase 1

SCOG: SCOG Administration SFY 2021    *Skagit Transit:* 4 Projects Obligated



# 2020 in Transportation

## Regional Obligation Authority

In April 2020, SCOG implemented new RTIP\* procedures adopted in the 2020-2025 RTIP. Some project sponsors requested obligation extensions for their projects, while others moved ahead or obligated projects off the contingency list.

By the end of the federal fiscal year, SCOG met its regional Obligation Authority (OA) target.

## Skagit 2045 Regional Transportation Plan

SCOG began a minor update to the long-range Regional Transportation Plan in 2020 and concluded the update in early 2021. The Plan forecasts revenues and expenditures for the next 25 years on the regional transportation system, and acts as a blueprint to guide investments in order to meet regional needs.

The Plan highlights a number of challenges for the region, including funding needs identified to preserve and maintain road, bridge, and ferry infrastructure and to replace roadway culverts that bar native fish from accessing valuable habitat. These future challenges also create opportunities to promote safety, economic vitality, mobility, equity, and environmental health. Projects programmed in the RTIP will be consistent with the goals identified in this Metropolitan and Regional Transportation Plan.

*\*The Regional Transportation Improvement Program (RTIP)* comprises a fiscally constrained list of planned, regionally significant transportation projects for the next four years, and two years of illustrative projects.

As project funds are obligated and completed, the projects move off the RTIP. The RTIP reflects the region's prioritized improvements and the vision of the Regional Transportation Plan.

# 2020 in Growth Management

*During 2020, Skagit Council of Governments continued to provide administrative support to the Growth Management Act Steering Committee (GMASC) and its Technical Advisory Committee (GMATAC).*

Skagit County and its cities and towns must plan for anticipated population growth under the Washington state Growth Management Act (GMA).

The 2002 Framework Agreement, executed by Skagit County along with cities and towns, addresses the collaborative requirement for planning at the regional level through GMA, and establishes the GMASC as the regional planning organization for this process. The Steering Committee develops recommendations for Countywide Planning Policies, urban growth areas, and allocations of population and employment for use in local comprehensive planning.

In 2018, the Town of Lyman joined the Framework Agreement; the Agreement is now signed on to by all Skagit cities and towns.



# 2020 in Growth Management

## Growth Monitoring Program

SCOG continued to build capacity for growth management countywide by conducting the analysis for the 2020 Growth Monitoring Report. This report built on the methodology developed over the past four years, and examined three years of trend data for population, housing, and employment.

## Land Capacity Methodology Assessment

Staff worked with the GMA Technical Advisory Committee and Steering Committee to assess the similarities and differences between land capacity analysis methodologies applied by cities, towns, and Skagit County in their comprehensive planning processes.

## Ongoing Research and Support

SCOG continues to provide support for growth management across the region by conducting independent research on issues related to housing, population growth, migration, employment, and other regional trends.



# Looking Forward to 2021

## *Transportation*

### **Set Regional Performance Targets.....**

SCOG will continue to monitor and set regional performance targets in cooperation with Skagit Transit and WSDOT.

### **Begin Skagit Household Travel Survey .....**

SCOG will work with Resource Systems Group to conduct the next Skagit Household Travel Survey. The survey will study regional travel behavior and public sentiment for transportation investments. This project was delayed due to the COVID-19 pandemic.

### **Combined Project Selection.....**

SCOG will select transportation projects for federal funding award.\*

## *Growth Management*

### **Growth Monitoring Program.....**

SCOG will analyze population, employment, and housing data for the fifth Growth Monitoring Report.

### **Boundary Review Board.....**

SCOG will work with the GMA Technical Advisory Committee and Steering Committee to review Countywide Planning Policy 12.17, regarding dissolution of the Boundary Review Board.

**\*The 2021 Project Selection** will select transportation projects from around the region for award of federal Surface Transportation Block Grant (STBG), Transportation Alternatives (TA), and possibly Highway Infrastructure Program (HIP) funds. These projects are evaluated on a wide range of criteria including safety, economic vitality, mobility, maintenance and preservation, and Environmental Justice concerns. Around \$3 million are available for award through this year's process.

# SCOG 2020 Operating Budget

## Revenue by Funding Source



## Expenses by Activity

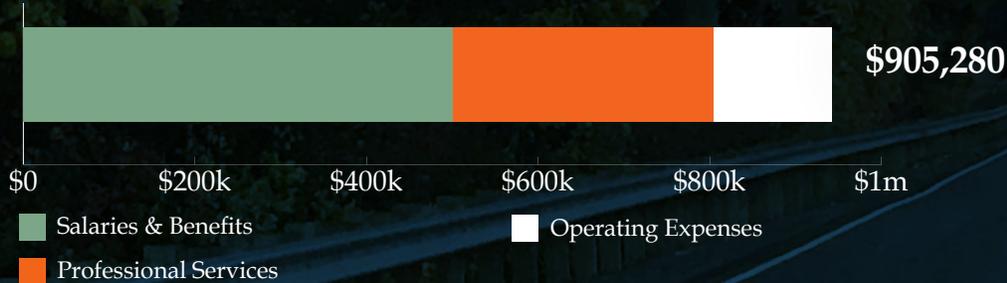


# 2021 Budget

## Forecasted Revenue



## Budgeted Expenses





315 South 3rd St. Suite #100  
Mount Vernon, WA 98273  
<https://www.scog.net>

**Kevin Murphy**  
Executive Director  
(360) 416-7871  
kevinm@scog.net

**Mark Hamilton, AICP**  
Senior Transportation Planner  
(360) 416-7876  
markh@scog.net

**Pam Carlson, CPA**  
Finance Manager  
(360) 416-7875  
pamc@scog.net

**Katie Bunge**  
Associate Planner  
(360) 416-6678  
kbunge@scog.net

*Bryan Hanson*