

Audit Report

Division Of Municipal Corporations

Report No. 53778

Ninth Audit

WHATCOM COUNTY COUNCIL OF GOVERNMENTS

Whatcom County, Washington

January 1, 1989 Thru December 31, 1990

Robert V. Graham
State Auditor

State Of Washington

State Auditor's Office



Robert V. Graham
STATE AUDITOR

Jack Heinricher
ASSISTANT STATE AUDITOR

**Notice of Filing and Transmittal
December 27, 1991**

Notice is hereby given that the attached document is the official post audit report of the Whatcom County Council of Governments, Whatcom County, Washington, for the period January 1, 1989 through December 31, 1990.

The report was prepared and transmitted for filing by the State Auditor's Division of Municipal Corporations pursuant to RCW 43.09.260.

A handwritten signature in cursive script that reads "Robert V. Graham".

**Robert V. Graham
State Auditor**

Copies transmitted to:

Marge Laidlaw, Chair of the Executive Board
Mark Challender, Executive Director
David S. McEachran, County Prosecuting Attorney
Charles Howard, Planning, Research and Public Transportation
Washington State Department of Transportation
Single Audit Clearinghouse, Data Preparation Division, Bureau of Census
The Honorable Ken Eikenberry, Attorney General
Office of State Auditor



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WHATCOM COUNTY COUNCIL OF GOVERNMENTS
Whatcom County, Washington
Ninth Audit
January 1, 1989 Thru December 31, 1990

**Independent Auditor's Report On Compliance With Laws And Regulations
At The Financial Statement Level (Plus Additional State Compliance
Requirements Per RCW 43.09.260)**

Executive Board
Whatcom County Council of Governments
Bellingham, Washington

We have audited the financial statements, as listed in the table of contents, of the Whatcom County Council of Governments, Whatcom County, Washington, as of and for the years ended December 31, 1989 and 1990, and have issued our report thereon dated August 28, 1991.

As part of our audit, we tested the council's compliance with certain laws and regulations which, if not followed, could have a direct and material impact on the financial statements. We also performed additional tests of compliance with state laws and regulations as required by RCW 43.09.260, which requires the State Auditor to make inquiry as to whether the council complied with the laws and the *Constitution of the State of Washington*, its own ordinances and orders, and the requirements of the Division of Municipal Corporations.

We conducted our audit in accordance with generally accepted auditing standards, *Government Auditing Standards* issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Whatcom County Council of Governments is the responsibility of the council's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the council's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

We also performed additional tests of compliance with state laws and regulations as required by RCW 43.09.260. This statute requires the State Auditor to inquire as to whether the council complied with the laws and *Constitution of the State of Washington*, its own ordinances and orders, and the requirements of the Division of Municipal Corporations. Our responsibility is to examine, on a test basis, evidence about the council's compliance with those requirements and to make a reasonable effort to identify any instances of misfeasance, malfeasance or nonfeasance in office on the part of any public officer or employee and to

report any such instance to the auditing department of the council and to the Attorney General. However, the objective of our audit of the financial statements was not to provide an overall opinion on compliance with these requirements and we do not express such an opinion.

The results of our tests indicate that, for the items tested, the council complied, in all material respects, with the provisions referred to in the preceding 2 paragraphs. With respect to items not tested, nothing came to our attention that caused us to believe that the council had not complied, in all material respects, with those provisions.

This report is intended for the information of management and the executive board. This is not intended to limit the distribution of this report, which is a matter of public record.

A handwritten signature in cursive script that reads "Robert V. Graham".

Robert V. Graham
State Auditor

August 28, 1991

WHATCOM COUNTY COUNCIL OF GOVERNMENTS
Whatcom County, Washington
Ninth Audit
January 1, 1989 Thru December 31, 1990

Independent Auditor's Report On Internal Control Structure
At The Financial Statement Level

Executive Board
Whatcom County Council of Governments
Bellingham, Washington

We have audited the financial statements of the Whatcom County Council of Governments, Whatcom County, Washington, as of and for the years ended December 31, 1989 and 1990, and have issued our report thereon dated August 28, 1991.

We conducted our audit in accordance with generally accepted auditing standards, *Government Auditing Standards* issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the financial statements of the council, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

The management of the council is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories:

- Cash receipts
- Accounts payable

- Purchasing and receiving
- Payroll

For all of the control categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of 1 or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of the council in a separate letter dated August 28, 1991.

This report is intended for the information of management and the executive board. This is not intended to limit the distribution of this report, which is a matter of public record.



Robert V. Graham
State Auditor

August 28, 1991

WHATCOM COUNTY COUNCIL OF GOVERNMENTS
Whatcom County, Washington
Ninth Audit
January 1, 1989 Thru December 31, 1990

Independent Auditor's Report On Financial Statements

Executive Board
Whatcom County Council of Governments
Bellingham, Washington

We have audited the schedules of cash activity of Whatcom County Council of Governments, Whatcom County, Washington, listed in the financial statements, for the period January 1, 1989 through December 31, 1990. These financial statements are the responsibility of the council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1 to the financial statements, Whatcom County prepares financial statements on behalf of the council on the cash basis of accounting that demonstrates compliance with Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, except for the effect, if any, of the matters discussed in the preceding paragraph, and except that omitted disclosures might influence a user's conclusions about the council's transactions, the accompanying financial statements present fairly the cash transactions of the Whatcom County Council of Governments for the period January 1, 1989 through December 31, 1990, on the prescribed basis of accounting.



Robert V. Graham
State Auditor

August 28, 1991

WHATCOM COUNTY COUNCIL OF GOVERNMENTS
Schedule Of Cash Activity
For The Year Ended December 31, 1989

BEGINNING BALANCE	RECEIPTS	TOTAL AVAILABLE	DISBURSEMENTS	ENDING BALANCE
\$8,959	\$157,881	\$166,840	\$155,372	\$11,468

The Accompanying Notes Are An Integral Part Of This Statement.

WHATCOM COUNTY COUNCIL OF GOVERNMENTS
Schedule Of Cash Activity
For The Year Ended December 31, 1990

BEGINNING BALANCE	RECEIPTS	TOTAL AVAILABLE	DISBURSEMENTS	ENDING BALANCE
\$11,468	\$226,603	\$238,071	\$227,558	\$10,513

The Accompanying Notes Are An Integral Part Of This Statement.

WHATCOM COUNTY COUNCIL OF GOVERNMENTS
Notes To Financial Statements
January 1, 1989 Through December 31, 1990

The following notes are an integral part of the accompanying financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity

The council is a voluntary interlocal cooperative formed on March 26, 1970 consisting of local governments in Whatcom County.

b. Basis of Presentation - Fund Accounting

The accounts of the council are organized on the basis of funds, each of which is considered a separate accounting entity. The council uses only governmental funds as listed below. Each governmental fund is accounted for with a separate set of self-balancing accounts.

GOVERNMENTAL FUND TYPES:

General Fund

This fund is used to account for all financial resources and transactions of the council not required to be accounted for in another fund.

b. Basis of Accounting

Accounting records for the council are maintained in accordance with methods prescribed by the State Auditor under the authority of Washington State law, Chapter 43.09 RCW. The council uses the revenue and expenditure classifications contained in the Budgeting, Accounting and Reporting System (BARS) prescribed by the State Auditor. Revenues are recognized only when received in cash and expenditures are recognized when warrants are issued. Purchases of fixed assets are expensed during the year acquired.

c. Duties of Whatcom County

As required by statute, Whatcom County serves as the council's treasurer, issues council warrants, and prepares cash receipt and disbursement reports of the council's financial activity.

d. Fixed Assets

Fixed assets are expensed when purchased. The council has not established a fixed assets account group.

NOTE 2 - PENSIONS

Substantially all council full-time and qualifying part-time employees participate in the statewide Public Employees' Retirement System (PERS) administered by the Department of Retirement Systems, under cost-sharing multiple-employer public employee retirement systems. Actuarial information is on a system-wide basis and is not considered pertinent to the council's financial statements. Contributions to the systems by both employee and employer are based upon gross wages covered by plan benefits.

The council's contributions, of 6.5 percent of covered payroll, for the year ending December 31, 1989 of \$3,402 and 7.61 percent of covered payroll for the year ending December 31, 1990 of \$6,949, represent its full liability under the system, except that future rates may be adjusted to meet the system needs.

Historical trend information showing the system's progress in accumulating sufficient assets to pay benefits when due is presented in the State of Washington's June 30, 1990 comprehensive annual financial report. Please refer to said report for detailed trend information

State of Washington
Office of Financial Management
300 Insurance Building AQ-44
Olympia, WA 98504-0201

NOTE 3 - SCHEDULE OF FINANCIAL ASSISTANCE

The council's Schedules of Financial Assistance are presented using the modified accrual basis of accounting. Revenues have been accrued to match expenditures paid.

WHATCOM COUNTY COUNCIL OF GOVERNMENTS
Schedule Of Financial Assistance
Governmental Assistance Received From A State Agency Or Other Local
Government
For The Year Ending December 31, 1989

<u>Grantor Agency</u>	<u>Revenue Account No.</u>	<u>Program Name</u>	<u>Federal CFDA No.</u>	<u>Other Ident. No.</u>	<u>Total Award Amount</u>	<u>Balance at Beginning of Current Year</u>	<u>Current Year Revenues</u>	<u>Current Year Expenditures</u>	<u>Balance at Year End</u>
DOE	334.03.10	Watershed Planning		TAX88010	205,000.00	115,939.75	76,915.00	76,915.00	39,025.00

Additional Information.

WHATCOM COUNTY COUNCIL OF GOVERNMENTS
Schedule Of Financial Assistance
Governmental Assistance Received From A State Agency Or Other Local
Government
For The Year Ending December 31, 1990

<u>Grantor Agency</u>	<u>Revenue Account No.</u>	<u>Program Name</u>	<u>Federal CFDA No.</u>	<u>Other Ident. No.</u>	<u>Total Award Amount</u>	<u>Balance at Beginning of Current Year</u>	<u>Current Year Revenues</u>	<u>Current Year Expenditures</u>	<u>Balance at Year End</u>
DOE	334.03.10	Watershed Planning		TAX88010	205,000.00	39,025.00	31,610.00	31,610.00	7,415.00
DOE	334.03.10	Watershed Planning		TAX90200	209,947.50	0	18,020.00	18,020.00	191,927.50
WSDOT	334.03.60	Urban Trans. Study		GC8921/OL0906	100,000.00	0	37,136.06	37,136.06	62,863.94
WSDOT	334.03.60	Regional Trans. Planning		GC8713/PL1616	41,753.00	0.00	12,241.20	12,241.20	29,511.80

Additional Information.

WHATCOM COUNTY COUNCIL OF GOVERNMENTS
Schedule Of Financial Assistance
Governmental Assistance Received From A State Agency Or Other Local
Government
For The Year Ending December 31, 1990

<u>Grantor Agency</u>	<u>Revenue Account No.</u>	<u>Program Name</u>	<u>Federal CFDA No.</u>	<u>Other Ident. No.</u>	<u>Total Award Amount</u>	<u>Balance at Beginning of Current Year</u>	<u>Current Year Revenues</u>	<u>Current Year Expenditures</u>	<u>Balance at Year End</u>
see (1)	338.10	Urban Trans. Study		Various Interlocal	70,000.00	0.00	25,999.24	25,999.24	44,000.76

(1) The local jurisdictions providing local match for this project were Bellingham, Whatcom County, Port of Bellingham, Ferndale, Whatcom Transportation Authority. Interlocal agreements exist setting the percentage of the local match to be paid by each jurisdiction.

Additional Information.

WHATCOM COUNTY COUNCIL OF GOVERNMENTS
Whatcom County, Washington
Ninth Audit
January 1, 1989 Thru December 31, 1990

Independent Auditor's Report On Supplementary Information
Schedule Of Federal Financial Assistance

Executive Board
Whatcom County Council of Governments
Bellingham, Washington

We have audited the financial statements of the Whatcom County Council of Governments, Whatcom County, Washington, as of and for the years ended December 31, 1989 and 1990, and have issued our report thereon dated August 28, 1991. These financial statements are the responsibility of the council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, *Government Auditing Standards* issued by the Comptroller General of the United States and, the provisions of Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the financial statements of the Whatcom County Council of Governments taken as a whole. The accompanying schedule of federal financial assistance is presented for purposes of additional analysis and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.



Robert V. Graham
State Auditor

August 28, 1991

**WHATCOM COUNTY COUNCIL OF GOVERNMENTS
 Schedule Of Federal Financial Assistance
 Federal Assistance Received Indirectly Through A State Agency
 For The Year Ending December 31, 1989**

Grantor Agency	Revenue Account No.	Program Name	Federal CFDA No.	Other Ident. No.	Total Award Amount	Balance at Beginning of Current Year	Current Year Revenues	Current Year Expenditures	Balance at Year End
WSDOT	333.20.50	UMTA Section 8	20.505	Y3163/PS9805	18,000.00	14,787.22	12,380.70	11,849.42	2,937.80 see (1)
WSDOT	333.20.50	UMTA Section 8	20.505	GC8713/PS9805	20,000.00	0.00	2,633.75	2,633.75	17,366.25
WSDOT	333.20.20	FHWA PL	20.205	Y3163/PL9606	37,294.96	19,424.06	12,097.53	8,861.67	10,562.39 see (1)
WSDOT	333.20.20	FHWA PL	20.205	GC8713/PL0606	39,770.00	0.00	11,417.87	11,417.87	28,352.13

(1) This ending balance indicates that there is a carryover that may be obligated for the coming fiscal year if the work program is amended to obligate the carryover and if the WSDOT approves the amendment.

**WHATCOM COUNTY COUNCIL OF GOVERNMENTS
Schedule Of Federal Financial Assistance
Federal Assistance Received Indirectly Through A State Agency
For The Year Ending December 31, 1990**

Grantor Agency	Revenue Account No.	Program Name	Federal CFDA No.	Other Ident. No.	Total Award Amount	Balance at Beginning of Current Year	Current Year Revenues	Current Year Expenditures	Balance at Year End
WSDOT	333.20.50	UMTA Section 8	20.505	GC8713/PS0805	20,000.00	17,366.25	9,535.23	9,535.23	7,831.02
WSDOT	333.20.50	UMTA Section 8	20.505	GC8713/PS1805	20,000.00	0.00	9,964.40	9,964.30	10,035.70 see (1)
WSDOT	333.20.20	FHWA PL	20.205	GC8713/PL0606	39,770.00	28,352.13	25,639.83	25,639.83	2,712.30 see (2)
WSDOT	333.20.20	FHWA PL	20.205	GC8713/PL1606	31,684.00	0.00	20,463.00	20,463.00	11,221.00

(1) This ending balance indicates that there is a carryover that may be obligated for the coming fiscal year if the work program is amended to obligate the carryover and if the WSDOT approves the amendment.
(2) This is money that lapses due to grant allocation not being spent during fiscal year.

WHATCOM COUNTY COUNCIL OF GOVERNMENTS
Whatcom County, Washington
Ninth Audit
January 1, 1989 Thru December 31, 1990

**Independent Auditor's Report On Compliance With The General Requirements
Applicable To Federal Financial Assistance Programs**

Executive Board
Whatcom County Council of Governments
Bellingham, Washington

We have audited the financial statements of the Whatcom County Council of Governments, Whatcom County, Washington, as of and for the years ended December 31, 1989 and 1990, and have issued our report thereon dated August 28, 1991.

We have applied procedures to test the council's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the schedule of federal financial assistance, for the years ended December 31, 1989 and 1990:

- Political activity
- Civil rights
- Federal financial reports
- Allowable costs/cost principles
- Drug-Free Workplace Act
- Administrative requirements

Our procedures were limited to the applicable procedures set forth in Office of Management and Budget (OMB) "Compliance Supplement for Single Audits of State and Local Governments." Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the council's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the council had not complied, in all material respects, with those requirements. The results of our procedures did not disclose any immaterial instances of noncompliance with those requirements.

This report is intended for the information of management and the executive board. This is not intended to limit the distribution of this report, which is a matter of public record.

A handwritten signature in cursive script that reads "Robert V. Graham". The signature is written in black ink and is positioned above the printed name and title.

Robert V. Graham
State Auditor

August 28, 1991

WHATCOM COUNTY COUNCIL OF GOVERNMENTS
Whatcom County, Washington
Ninth Audit
January 1, 1989 Thru December 31, 1990

**Independent Auditor's Report On Compliance With Requirements Applicable
To Nonmajor Federal Financial Assistance Program Transactions**

Executive Board
Whatcom County Council of Governments
Bellingham, Washington

We have audited the financial statements of the Whatcom County Council of Governments, Whatcom County, Washington, as of and for the years ended December 31, 1989 and 1990, and have issued our report thereon dated August 28, 1991.

In connection with our audit of the 1989 and 1990 financial statements of the council and with our consideration of the council's internal control systems used to administer federal financial assistance programs, as required by Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments," we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the years ended December 31, 1989 and 1990.

As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the council's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to the items not tested, nothing came to our attention that caused us to believe that the Whatcom County Council of Governments had not complied, in all material respects, with those requirements. The results of our procedures did not disclose any immaterial instances of noncompliance with the requirements referred to in the preceding paragraph.

This report is intended for the information of management and the executive board. This is not intended to limit the distribution of this report, which is a matter of public record.



Robert V. Graham
State Auditor

August 28, 1991

WHATCOM COUNTY COUNCIL OF GOVERNMENTS
Whatcom County, Washington
Ninth Audit
January 1, 1989 Thru December 31, 1990

**Independent Auditor's Single Audit Report On Internal Control Structure
Used In Administering Federal Financial Assistance Programs**

Executive Board
Whatcom County Council of Governments
Bellingham, Washington

We have audited the financial statements of the Whatcom County Council of Governments, Whatcom County, Washington, for the years ended December 31, 1989 and 1990, and have issued our report thereon dated August 28, 1991.

We conducted our audit in accordance with generally accepted auditing standards, *Government Auditing Standards* issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether the council complied with laws and regulations, noncompliance with which would be material to a federal financial assistance program.

In planning and performing our audit, we considered the council's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed policies and procedures relevant to our audit of the financial statements in a separate report dated August 28, 1991.

The management of the council is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that:

- Assets are safeguarded against loss from unauthorized use or disposition.
- Transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.
- Federal financial assistance programs are managed in compliance with applicable laws and regulations.

Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories:

- **General Requirements**
 - Political activity
 - Civil rights
 - Federal financial reports
 - Allowable costs/cost principles
 - Drug-Free Workplace Act
 - Administrative requirements
- **Specific Requirements**
 - Types of services
 - Matching, level of effort, earmarking
 - Reporting
 - Cost allocation
 - Special requirements, if any
- **Claims For Advances And Reimbursements**
- **Amounts Claimed Or Used For Matching**

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended December 31, 1990, the council had no major federal financial assistance programs and expended 70 percent of its total federal financial assistance under the nonmajor federal financial assistance program Highway Planning and Construction (CFDA 20.205).

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements, and amounts claimed or used for matching that are applicable to the aforementioned nonmajor program. Our procedures were less in scope than would be necessary to render an opinion on these internal control structures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of 1 or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited, or that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the

normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses.

We noted certain matters involving the internal control structure and its operation that we have reported to the management of the council in a separate letter dated August 28, 1991.

This report is intended for the information of management and the executive board. This is not intended to limit the distribution of this report, which is a matter of public record.

A handwritten signature in cursive script that reads "Robert V. Graham". The signature is written in dark ink and is positioned above the printed name and title.

Robert V. Graham
State Auditor

August 28, 1991

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WHATCOM COUNTY COUNCIL OF GOVERNMENTS
Whatcom County, Washington
Ninth Audit
January 1, 1989 Thru December 31, 1990

Directory Of Officials

Executive Board

Councilperson, Whatcom County	Marge Laidlaw, Chair
Councilperson, Bellingham	Foster Rose, Vice-Chair
Councilperson, Blaine	Alma Wagner
Executive, Whatcom County	Shirley Van Zanten
Mayor, Bellingham	Tim Douglas
Mayor, Everson	Matt Lagerwey
Councilperson, Nooksack	Ken Roberts
Commissioner, Port of Bellingham	Peter Zuanich

Voting Members

Councilperson, Whatcom County	Don Hansey
Councilperson, Bellingham	Betty Kiner
Councilperson, Lynden	Leonard Vandervelden
Councilperson, Sumas	Mike Quinn
Councilperson, Ferndale	Gary Gibbons
Lummi Nation	Verne Johnson
Water District No. 10 and Sudden Valley	Fred Boettner
Water District No. 12	Unfilled
Water District No. 4	Unfilled
Water District No. 8	Unfilled
Whatcom County Conservation District	Gerald Digerness

Associate Members

Sudden Valley Community Association
Executive Director, Whatcom Opportunity Council, Don Keenan

**WHATCOM COUNTY COUNCIL OF GOVERNMENTS
Whatcom County, Washington
Ninth Audit
January 1, 1989 Thru December 31, 1990**

Directory Of Officials (Continued)

Executive Director

Mark Johnson
(Appointed Acting Executive Director 1/1/89)
(Resigned 3/17/89)
Mark Challender
(Appointed 3/20/89)

Mailing Address

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