

Washington State Auditor's Office
Financial Statements and Federal Single Audit Report

Lincoln County

Audit Period
January 1, 2013 through December 31, 2013

Report No. 1012698

Issue Date
September 29, 2014



Washington State Auditor
Troy Kelley

Independence • Respect • Integrity



Washington State Auditor Troy Kelley

September 29, 2014

Board of Commissioners
Lincoln County
Davenport, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on Lincoln County's financial statements and compliance with federal laws and regulations.

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

Sincerely,

TROY KELLEY
STATE AUDITOR

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Lincoln County January 1, 2013 through December 31, 2013

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Federal Summary

Lincoln County January 1, 2013 through December 31, 2013

The results of our audit of Lincoln County are summarized below in accordance with U.S. Office of Management and Budget Circular A-133.

FINANCIAL STATEMENTS

An unmodified opinion was issued on the financial statements.

Internal Control Over Financial Reporting:

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

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

FEDERAL AWARDS

Internal Control Over Major Programs:

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

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

We reported no findings that are required to be disclosed under section 510(a) of OMB Circular A-133.

Identification of Major Programs:

The following was a major program during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
20.205	Highway Planning and Construction Cluster - Highway Planning and Construction

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$300,000.

The County qualified as a low-risk auditee under OMB Circular A-133.

Independent Auditor's 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*

**Lincoln County
January 1, 2013 through December 31, 2013**

Board of Commissioners
Lincoln County
Davenport, 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 Lincoln County, Washington, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's financial statements, and have issued our report thereon dated September 11, 2014.

We issued an unmodified opinion on the fair presentation of the County'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 County using accounting practices prescribed or permitted by Washington State statutes 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.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the County'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 County'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.

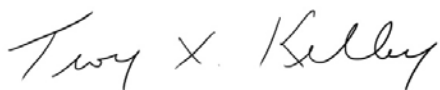
COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of the County'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 County'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 County'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.



TROY KELLEY
STATE AUDITOR

September 11, 2014

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

Lincoln County
January 1, 2013 through December 31, 2013

Board of Commissioners
Lincoln County
Davenport, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the compliance of Lincoln County, Washington, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013. The County's major federal programs are identified in the accompanying Federal Summary.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

PURPOSE OF THIS REPORT

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It

also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in cursive script that reads "Troy X. Kelley".

TROY KELLEY
STATE AUDITOR

September 11, 2014

Independent Auditor's Report on Financial Statements

Lincoln County January 1, 2013 through December 31, 2013

Board of Commissioners
Lincoln County
Davenport, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Lincoln County, Washington, for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County'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 Washington State statutes 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 an opinion on these financial statements based on our audit. We conducted our audit 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 County'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 County'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, Lincoln County has prepared these financial statements using accounting practices prescribed or permitted by Washington State statutes and 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 financial position and results of operations of Lincoln County, for the year ended December 31, 2013, 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 County 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 Lincoln County, as of December 31, 2013, or the changes in financial position or cash flows for the year then ended, due to the significance of the matter discussed in the above "Basis for Adverse Opinion on U.S. GAAP" paragraph.

Other Matters

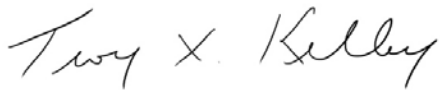
Supplementary and Other Information

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The accompanying Schedule of Liabilities is also presented for purposes of additional analysis as required by the prescribed BARS manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2014 on our consideration of the County'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 County's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Troy X. Kelley".

TROY KELLEY
STATE AUDITOR

September 11, 2014

Financial Section

Lincoln County
January 1, 2013 through December 31, 2013

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2013
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2013
Notes to Financial Statements – 2013

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2013
Schedule of Expenditures of Federal Awards – 2013
Notes to the Schedule of Expenditures of Federal Awards – 2013

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2013

BARS Code		Total for All funds*	001 Current Expense	102 Public Health	104 Developmental Dis
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	1,460,079	351,807	0	4,076
30880	Beg Fund Bal-Unreserved	6,113,748	2,610,055	125,081	10,454
38800/58800	Prior Period Adjustments, net	0	0	0	0
Operating Revenues					
310	Taxes	4,929,787	2,531,868	87,769	25,700
320	Licenses & Permits	179,542	118,404	45,838	0
330	Intergovernmental Revenues	10,066,256	1,297,092	377,399	86,435
340	Charges for Goods and Services	2,839,429	1,713,890	55,785	0
350	Fines & Penalties	364,378	357,640	0	0
360	Miscellaneous Revenues	4,155,161	286,073	729	100
Total Operating Revenues:		22,534,552	6,304,967	567,520	112,235
Operating Expenditures					
510	General Government	5,033,828	3,826,633	0	0
520	Public Safety	3,003,069	2,356,851	0	0
530	Utilities	554,916	0	0	0
540	Transportation	8,672,264	0	0	0
550	Natural and Economic Environment	289,574	147,619	0	0
560	Social Services	900,075	12,507	558,631	106,234
570	Culture And Recreation	235,874	79,595	0	0
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:		18,689,599	6,423,205	558,631	106,234
Net Operating Increase (Decrease):		3,844,952	-118,238	8,889	6,001
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	209,914	122,257	0	0
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	792,058	533,164	0	0
Total Nonoperating Revenues:		1,001,972	655,422		
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	316,484	84,196	0	0
591-593	Debt Service	108,167	1,094	0	0
594-595	Capital Expenditures	3,860,914	245,274	430	0
597	Transfers-Out	792,058	286,901	0	0
Total Nonoperating Expenditures:		5,077,623	617,466	430	
Increase (Decrease) in Cash and Investments		-230,699	-80,283	8,459	6,001
Ending Cash and Investments					
50810	End Fund Bal-Reserved	1,490,053	361,199	0	4,076
50880	End Fund Balance-Unreserved	5,853,079	2,520,381	133,540	16,455

The accompanying notes are an integral part of this Statement.

BARS Code		105 County Fair	106 Veteran's Assist	107 County Road	109 Auditor's M&O
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	0	10,702	0	116,571
30880	Beg Fund Bal-Unreserved	6,353	0	706,784	0
38800/58800	Prior Period Adjustments, net	0	0	0	0
Operating Revenues					
310	Taxes	25,189	13,191	1,274,790	0
320	Licenses & Permits	0	0	15,300	0
330	Intergovernmental Revenues	38,015	20	6,601,986	51,516
340	Charges for Goods and Services	21,004	0	116,023	9,632
350	Fines & Penalties	0	0	0	0
360	Miscellaneous Revenues	43,525	12	103,483	12
Total Operating Revenues:		127,733	13,223	8,111,583	61,160
Operating Expenditures					
510	General Government	0	0	92,528	45,390
520	Public Safety	0	0	0	0
530	Utilities	0	0	0	0
540	Transportation	0	0	6,240,464	0
550	Natural and Economic Environment	0	5,176	0	0
560	Social Services	0	0	0	0
570	Culture And Recreation	136,922	0	0	0
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:		136,922	5,176	6,332,992	45,390
Net Operating Increase (Decrease):		-9,189	8,047	1,778,591	15,770
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	8,022	0	2,131	0
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	0	0	250,000	0
Total Nonoperating Revenues:		8,022		252,131	
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	8,542	0	1,192	0
591-593	Debt Service	208	0	0	0
594-595	Capital Expenditures	6,794	0	2,331,575	6,052
597	Transfers-Out	0	0	0	0
Total Nonoperating Expenditures:		15,544		2,332,767	6,052
Increase (Decrease) in Cash and Investments		-16,711	8,047	-302,045	9,718
Ending Cash and Investments					
50810	End Fund Bal-Reserved	0	18,749	0	126,289
50880	End Fund Balance-Unreserved	-10,358	0	404,739	0

The accompanying notes are an integral part of this Statement.

BARS Code		113 Alcohol/Drug	114 Affordable Housing	115 Law Library	117 LC Tourism
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	0	10,456	0	17,972
30880	Beg Fund Bal-Unreserved	10,543	0	232,869	0
38800/58800	Prior Period Adjustments, net	0	0	0	0
Operating Revenues					
310	Taxes	0	0	0	21,011
320	Licenses & Permits	0	0	0	0
330	Intergovernmental Revenues	182,455	0	0	0
340	Charges for Goods and Services	9,560	14,324	67,498	0
350	Fines & Penalties	0	0	0	0
360	Miscellaneous Revenues	6,368	0	1,353	15
Total Operating Revenues:		198,383	14,324	68,851	21,026
Operating Expenditures					
510	General Government	0	0	0	0
520	Public Safety	0	0	0	0
530	Utilities	0	0	0	0
540	Transportation	0	0	0	0
550	Natural and Economic Environment	0	0	0	8,203
560	Social Services	195,703	0	0	0
570	Culture And Recreation	0	0	19,357	0
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:		195,703		19,357	8,203
Net Operating Increase (Decrease):		2,680	14,324	49,494	12,824
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	0	0	0	0
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	0	0	0	0
Total Nonoperating Revenues:					
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	0	0	0	0
591-593	Debt Service	0	0	0	0
594-595	Capital Expenditures	0	12,000	45,068	0
597	Transfers-Out	0	0	0	0
Total Nonoperating Expenditures:			12,000	45,068	
Increase (Decrease) in Cash and Investments		2,680	2,324	4,426	12,824
Ending Cash and Investments					
50810	End Fund Bal-Reserved	0	12,780	0	30,796
50880	End Fund Balance-Unreserved	13,223	0	237,295	0

The accompanying notes are an integral part of this Statement.

BARS Code		122 Homeless Housing	124 Crime Victims	125 Traffic Policing	127 Drug Enforcement
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	43,428	117,118	0	0
30880	Beg Fund Bal-Unreserved	0	0	0	22,754
38800/58800	Prior Period Adjustments, net	0	0	0	0
Operating Revenues					
310	Taxes	0	0	504,241	0
320	Licenses & Permits	0	0	0	0
330	Intergovernmental Revenues	0	25,104	917	25,513
340	Charges for Goods and Services	56,191	9,624	0	0
350	Fines & Penalties	0	0	0	0
360	Miscellaneous Revenues	0	0	0	3,326
Total Operating Revenues:		56,191	34,728	505,158	28,839
Operating Expenditures					
510	General Government	0	25,085	0	0
520	Public Safety	0	0	0	6,968
530	Utilities	0	0	0	0
540	Transportation	0	0	0	0
550	Natural and Economic Environment	80,000	0	0	0
560	Social Services	0	0	0	0
570	Culture And Recreation	0	0	0	0
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:		80,000	25,085		6,968
Net Operating Increase (Decrease):		-23,809	9,643	505,158	21,871
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	0	0	0	0
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	0	0	0	0
Total Nonoperating Revenues:					
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	0	0	0	0
591-593	Debt Service	0	0	0	0
594-595	Capital Expenditures	0	0	0	1,206
597	Transfers-Out	0	0	505,158	0
Total Nonoperating Expenditures:				505,158	1,206
Increase (Decrease) in Cash and Investments		-23,809	9,643	0	20,665
Ending Cash and Investments					
50810	End Fund Bal-Reserved	19,619	126,761	0	0
50880	End Fund Balance-Unreserved	0	0	0	43,419

The accompanying notes are an integral part of this Statement.

BARS Code		129 Marine Enforce	131 Sex Offender Reg	132 Enhanced 911	133 Emergency Comm
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	0	0	0	0
30880	Beg Fund Bal-Unreserved	25,010	40,325	73,187	199,204
38800/58800	Prior Period Adjustments, net	0	0	0	0
Operating Revenues					
310	Taxes	0	0	101,208	140,383
320	Licenses & Permits	0	0	0	0
330	Intergovernmental Revenues	23,042	0	489,317	5,561
340	Charges for Goods and Services	0	20,500	0	0
350	Fines & Penalties	0	0	0	0
360	Miscellaneous Revenues	0	0	20	0
Total Operating Revenues:		23,042	20,500	590,545	145,945
Operating Expenditures					
510	General Government	0	0	0	0
520	Public Safety	18,345	16,213	518,936	85,755
530	Utilities	0	0	0	0
540	Transportation	0	0	0	0
550	Natural and Economic Environment	0	0	0	0
560	Social Services	0	0	0	0
570	Culture And Recreation	0	0	0	0
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:		18,345	16,213	518,936	85,755
Net Operating Increase (Decrease):		4,697	4,287	71,609	60,189
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	0	0	0	0
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	0	0	0	0
Total Nonoperating Revenues:					
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	0	0	0	0
591-593	Debt Service	0	0	0	0
594-595	Capital Expenditures	4,494	7,770	37,095	27,983
597	Transfers-Out	0	0	0	0
Total Nonoperating Expenditures:		4,494	7,770	37,095	27,983
Increase (Decrease) in Cash and Investments		203	-3,483	34,514	32,206
Ending Cash and Investments					
50810	End Fund Bal-Reserved	0	0	0	0
50880	End Fund Balance-Unreserved	25,213	36,842	107,703	231,409

The accompanying notes are an integral part of this Statement.

BARS Code		134 Domestic Violence	138 Watershed Mgmt	150 Weed Board	151 Court Facilitator
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	19,510	0	0	0
30880	Beg Fund Bal-Unreserved	0	0	38,763	17,624
38800/58800	Prior Period Adjustments, net	0	0	0	0
Operating Revenues					
310	Taxes	0	0	0	0
320	Licenses & Permits	0	0	0	0
330	Intergovernmental Revenues	0	18,939	0	0
340	Charges for Goods and Services	21,593	0	1,251	77,995
350	Fines & Penalties	0	0	0	0
360	Miscellaneous Revenues	0	0	195,094	0
Total Operating Revenues:		21,593	18,939	196,344	77,995
Operating Expenditures					
510	General Government	0	0	0	83,681
520	Public Safety	0	0	0	0
530	Utilities	0	18,939	177,241	0
540	Transportation	0	0	0	0
550	Natural and Economic Environment	0	0	0	0
560	Social Services	27,000	0	0	0
570	Culture And Recreation	0	0	0	0
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:		27,000	18,939	177,241	83,681
Net Operating Increase (Decrease):		-5,407	0	19,104	-5,686
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	0	0	222	0
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	0	0	0	0
Total Nonoperating Revenues:				222	
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	0	0	0	0
591-593	Debt Service	0	0	0	0
594-595	Capital Expenditures	0	0	4,067	0
597	Transfers-Out	0	0	0	0
Total Nonoperating Expenditures:				4,067	
Increase (Decrease) in Cash and Investments		-5,407	0	15,259	-5,686
Ending Cash and Investments					
50810	End Fund Bal-Reserved	14,103	0	0	0
50880	End Fund Balance-Unreserved	0	0	54,022	11,937

The accompanying notes are an integral part of this Statement.

BARS Code		230 Martin Hall Debt	250 Hanson Harb RID	251 Sunny Hills RID	265 Consolidated RID
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	0	560	5,433	37,102
30880	Beg Fund Bal-Unreserved	11	0	0	0
38800/58800	Prior Period Adjustments, net	0	0	0	0
Operating Revenues					
310	Taxes	0	0	0	0
320	Licenses & Permits	0	0	0	0
330	Intergovernmental Revenues	0	0	0	0
340	Charges for Goods and Services	0	0	0	0
350	Fines & Penalties	0	8	750	5,981
360	Miscellaneous Revenues	0	256	10,870	184,527
Total Operating Revenues:			264	11,620	190,508
Operating Expenditures					
510	General Government	0	0	0	0
520	Public Safety	0	0	0	0
530	Utilities	0	0	0	0
540	Transportation	0	0	0	0
550	Natural and Economic Environment	0	0	0	0
560	Social Services	0	0	0	0
570	Culture And Recreation	0	0	0	0
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:					
Net Operating Increase (Decrease):		0	264	11,620	190,508
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	0	0	0	0
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	8,894	0	0	0
Total Nonoperating Revenues:		8,894			
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	0	324	8,255	155,447
591-593	Debt Service	8,893	24	1,417	40,158
594-595	Capital Expenditures	0	0	0	0
597	Transfers-Out	0	0	0	0
Total Nonoperating Expenditures:		8,893	347	9,672	195,605
Increase (Decrease) in Cash and Investments		1	-83	1,948	-5,097
Ending Cash and Investments					
50810	End Fund Bal-Reserved	0	477	7,381	32,005
50880	End Fund Balance-Unreserved	11	0	0	0

The accompanying notes are an integral part of this Statement.

BARS Code		305 Capital Improve	315 Rural Co Dev	320 Emergency Resp	405 Professional Bldg
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	547,824	122,747	0	0
30880	Beg Fund Bal-Unreserved	0	0	0	7,535
38800/58800	Prior Period Adjustments, net	0	0	0	0
Operating Revenues					
310	Taxes	77,155	127,283	0	0
320	Licenses & Permits	0	0	0	0
330	Intergovernmental Revenues	0	0	647,486	0
340	Charges for Goods and Services	0	0	0	0
350	Fines & Penalties	0	0	0	0
360	Miscellaneous Revenues	45	0	0	5,000
Total Operating Revenues:		77,200	127,283	647,486	5,000
Operating Expenditures					
510	General Government	20,192	0	0	1,754
520	Public Safety	0	0	0	0
530	Utilities	0	0	0	0
540	Transportation	0	0	0	0
550	Natural and Economic Environment	0	48,576	0	0
560	Social Services	0	0	0	0
570	Culture And Recreation	0	0	0	0
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:		20,192	48,576		1,754
Net Operating Increase (Decrease):		57,008	78,707	647,486	3,246
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	0	0	0	0
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	0	0	0	0
Total Nonoperating Revenues:					
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	0	0	0	0
591-593	Debt Service	0	0	0	0
594-595	Capital Expenditures	70,468	0	647,486	10,770
597	Transfers-Out	0	0	0	0
Total Nonoperating Expenditures:		70,468		647,486	10,770
Increase (Decrease) in Cash and Investments		-13,460	78,707	0	-7,524
Ending Cash and Investments					
50810	End Fund Bal-Reserved	534,364	201,454	0	0
50880	End Fund Balance-Unreserved	0	0	0	10

The accompanying notes are an integral part of this Statement.

BARS Code		410 Solid Waste Mgmt	510 Equip Rental & Rev	520 Pits & Quarries	540 Employee Self-Ins
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	54,771	0	0	0
30880	Beg Fund Bal-Unreserved	46,406	256,244	1,128,485	556,061
38800/58800	Prior Period Adjustments, net	0	0	0	0
Operating Revenues					
310	Taxes	0	0	0	0
320	Licenses & Permits	0	0	0	0
330	Intergovernmental Revenues	195,457	0	0	0
340	Charges for Goods and Services	278,316	466	365,779	0
350	Fines & Penalties	0	0	0	0
360	Miscellaneous Revenues	1,067	2,347,222	1,217	964,846
Total Operating Revenues:		474,841	2,347,688	366,996	964,846
Operating Expenditures					
510	General Government	0	0	0	938,564
520	Public Safety	0	0	0	0
530	Utilities	358,736	0	0	0
540	Transportation	0	1,822,201	609,598	0
550	Natural and Economic Environment	0	0	0	0
560	Social Services	0	0	0	0
570	Culture And Recreation	0	0	0	0
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:		358,736	1,822,201	609,598	938,564
Net Operating Increase (Decrease):		116,104	525,487	-242,602	26,282
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	62,469	14,625	187	0
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	0	0	0	0
Total Nonoperating Revenues:		62,469	14,625	187	
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	5,319	31	53,177	0
591-593	Debt Service	56,372	0	0	0
594-595	Capital Expenditures	131,259	203,393	67,730	0
597	Transfers-Out	0	0	0	0
Total Nonoperating Expenditures:		192,950	203,425	120,907	
Increase (Decrease) in Cash and Investments		-14,377	336,688	-363,322	26,282
Ending Cash and Investments					
50810	End Fund Bal-Reserved	0	0	0	0
50880	End Fund Balance-Unreserved	86,801	592,931	765,163	582,343

The accompanying notes are an integral part of this Statement.

FIDUCIARY FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2013

BARS Code		Total for All funds	625 Foreclosure Surplus	691 Treasurer's Suspense	696 Auditor's Trust
308	Beginning Cash and Investments	65,246	43,573	18,433	3,240
388 and 588	Prior Period Adjustments, net	0	0	0	0
310-360	Revenues	0	0	0	0
380-390	Other Increases and Financing Sources	131,290	32,325	78,925	20,040
510-570	Expenditures	0	0	0	0
580-590	Other Decreases and Financing Uses	146,025	29,846	95,035	21,144
Increase (Decrease) in Cash and Investments		-14,735	2,479	-16,110	-1,104
508	Ending Cash and Investments	50,511	46,052	2,323	2,136

The accompanying notes are an integral part of this Statement.

LINCOLN COUNTY, WASHINGTON

NOTES TO FINANCIAL STATEMENTS

January 1, 2013 through December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County reports financial activity using the revenue and expenditure classifications, statements, and schedules contained in the Cash Basis Budgeting, Accounting and Reporting System (BARS) manual. This basis of accounting and reporting is another comprehensive basis of accounting (OCBOA) that is prescribed by the State Auditor's Office under the authority of Washington State Law, Chapter 43.09 RCW.

Lincoln County was incorporated on December 18, 1883, and operates under the laws of the State of Washington applicable to a second class county with a commissioner form of government. The County is a general purpose government and provides public safety, fire protection, road improvement, park and recreation, judicial administration, and health and social services. The County uses single entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

a. Fund Accounting

The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of single entry accounts that comprises its cash, investments, revenues and expenditures, as appropriate. The County's resources are allocated to and accounted for in individual funds depending on their intended purpose. The following are the fund types used by the County:

GOVERNMENTAL FUND TYPES:**General (Current Expense) Fund**

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

Special Revenue Funds

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

Debt Service Funds

These funds account for the financial resources that are restricted, committed, or assigned to expenditures for principal, interest, and related costs on general long-term debt.

Capital Projects Funds

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

PROPRIETARY FUND TYPES:**Enterprise Funds**

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

Internal Service Funds

These funds account for operations that provide goods or services to other departments or funds of the County on a cost-reimbursement basis.

FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the County in a trustee capacity or as an agent on behalf of others.

Agency Funds

These funds are used to account assets that the County holds for others in an agency capacity.

b. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Revenues are recognized only when cash is received and expenditures are recognized when paid, including those properly chargeable against the report year's budget appropriations as required by state law.

Purchases of capital assets are expensed during the year of acquisition. There is no capitalization of capital assets, nor allocation of depreciation expense. Inventory is expensed when purchased.

The basis of accounting described above represents a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

c. Budgets

The County adopts annual appropriated budgets are adopted for all funds. These budgets are appropriated at the fund level (except in the general (current expense) fund, where budget is adopted at the department level). The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

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

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

2013 BUDGET APPROPRIATIONS

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund:			
Assessor	358,827	329,665	29,162
Auditor	422,820	356,741	66,079
Board of Equalization	4,540	3,362	1,178
Civil Service	4,755	3,361	1,394
Clerk	332,887	322,183	10,704
Commissioners	398,670	398,669	1
Planning	166,512	148,860	17,652
Cooperative Extension	88,555	75,608	12,947
Coop Ext-Bulletin	395	76	319

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Coroner	10,000	7,603	2,398
Courthouse	303,769	303,768	1
Data Processing	240,510	190,625	49,885
Information Services	256,172	241,382	14,790
District Court	332,467	308,544	23,923
Probation	70,221	68,456	1,765
Jail	649,605	630,018	19,587
Juvenile Services	243,969	193,813	50,156
Consolidated Juv Serv	91,133	65,405	25,728
CDDA	-	-	-
CJAA	23,910	13,088	10,822
JAIBG	11,200	8,135	3,065
Community Litter Cleanup	20,395	7,548	12,847
BECCA Bill Grant	15,291	9,248	6,043
Non-Departmental	372,300	357,870	14,430
Personnel Enhancement Training	1,000	-	1,000
Prosecuting Attorney	419,944	390,553	29,391
Stop Grant - Prosecuting Attorney	15,000	7,280	7,720
Sheriff Administration	99,729	97,540	2,189
Sheriff Operations	1,427,557	1,218,504	209,053
Stop Grant - Sheriff	13,318	13,236	82
Marijuana Eradication	2,000	-	2,000
Davenport Law Enforcement	300,000	268,365	31,635
Superior Court	224,753	196,425	28,328
Treasurer	351,308	340,802	10,506
Welfare	700	-	700
Other Financing Uses	287,145	286,901	244
Non Expenditures	143	642	(499)
Election	93,205	48,352	44,853
Counseling Services	26,357	4,905	21,452
Treasurer's M&O	35,742	15,823	19,919
Special Funded Services	160,100	64,832	95,268
Special Reserve Fund	-	-	-
REET Technology Fund	8,600	5,495	3,105
Trial Court Improvement	32,450	8,906	23,545
Youth Programs	3,240	426	2,814
Education & Grant Fund	17,070	3,484	13,586
Criminal Antiprofitteering	2,454	-	2,454
Seized/Forfeited Property	8,500	-	8,500
DARE	4,310	1,633	2,677
Unemployment Insurance	10,000	4,170	5,830
Public Defense Service	18,240	18,239	1
Housing Rehab Project	150	134	16
Total General Fund			941,247
			-
Public Health	559,710	559,061	649
Developmental Disabilities	115,456	106,234	9,222
County Fair	146,968	152,466	(5,498)
Veterans Assistance	11,000	5,176	5,824
County Road	8,707,635	8,665,759	41,876
Auditor's M&O	146,520	51,442	95,078

Alcohol/Drug Services	230,403	195,703	34,700
Affordable Housing Trust	13,000	12,000	1,000
Law Library	70,501	64,425	6,076
Lincoln County Tourism	8,203	8,203	1
Homeless Housing	80,000	80,000	-
Crime Victims	25,085	25,085	-
Traffic Policing	505,158	505,158	0
Drug Enforcement	15,650	8,174	7,476
Marine Enforcement/Education	32,380	22,839	9,541
Sex Offender Registration	23,984	23,984	0
Enhanced 911	556,031	556,031	0
Emergency Communications	156,285	113,739	42,546
Domestic Violence Prevention	27,000	27,000	-
Watershed Management	20,000	18,939	1,062
Noxious Weed Control Board	227,289	181,307	45,982
Court Facilitator	83,682	83,681	1
Martin Hall Debt Service	8,894	8,893	1
Hanson Harbor RID #01-02	531	347	184
Sunny Hills RID #04-01	27,430	9,672	17,758
Consolidated RID No. 09-01 Bond	750,280	195,605	554,675
Capital Improvements	100,000	90,660	9,340
Rural County Development	63,577	48,576	15,001
Emergency Response Center	647,486	647,486	-
Professional Building Fund	12,525	12,524	1
Solid Waste Management	559,260	551,686	7,574
Equipment Rental & Revolving	2,034,500	2,025,626	8,874
Pits & Quarries	761,160	730,505	30,655
Employee Self-Insurance	950,000	938,564	11,436
Foreclosure Surplus	43,573	29,846	13,727

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

d. Cash

It is the County's policy to invest all temporary cash surpluses. The amount is included in the cash and investments shown on the statements of fund resources and uses arising from cash transactions. The interest on these investments is posted to the Current Expense Fund.

e. Deposits

As required by state law, all investments of the County's funds are obligations of the U.S. Government, the State Treasurer's Investment Pool or deposits with Washington State banks and savings and loan institutions.

The County's deposits and certificates of deposit are covered by the Federal Depository Insurance (FDIC) and/or by the Washington Public Deposit Protection Commission (PDPC).

f. Investments

See Note # 3

g. Capital Assets

Capital assets are long-lived assets of the County and are recorded as expenditures when purchased.

h. Compensated Absences

Vacation leave may be accumulated up to 30 days and is payable upon separation or retirement.

Sick leave may accumulate up to 1200 hours and is payable upon termination after 5 years of service up to 480 hours or one-half of accumulated balance, whichever is less.

The County's liability for accumulated unused vacation leave on December 31, 2013 was \$452,192.21, for accumulated unused sick leave was \$396,535.89 and for Public Works accumulated unused comp time was \$1,632.23 for a total of \$850,360.33.

i. Long-Term Debt

See Note # 6.

j. Other Financing Sources or Uses

The County's "Other Financing Sources or Uses" consist of Operating Transfers In, Operating Transfers Out, Interfund Loan Interest and Disposition of Fixed Assets. Operating Transfers:

Transfers Out		Transfers In	
Current Expense	\$286,901	Current Expense	\$505,158
Traffic Policing	\$505,158	County Road	\$250,000
		Special Reserve	\$10,251
		Trial Court Improvement	\$17,756
		Martin Hall Debt Service	\$8,894
TOTAL OUT	\$792,058	TOTAL IN	\$792,058

k. Risk Management

The County is a member of the Washington Rural Counties Insurance Pool. Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The pool was formed on September 1, 1998 when 3 counties in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. Five counties have joined the pool.

The pool allows members to jointly purchase insurance coverage and provide related services, such as administration, risk management, claims administration, etc. Coverage for Public Officials Liability is on a "claims made basis". All other coverage is on an "occurrence basis". The pool provides the following forms of group purchased insurance coverage for its members: Property, liability, vehicle liability, other mobile equipment, boiler and machinery, bonds of various types, excess liability and public official liability.

The pool acquires liability insurance from unrelated underwriters that are subject to a per-occurrence deductible of \$25,000. Members are responsible for the first \$1,000 - \$5,000 of the deductible amount of each claim depending upon the county, while the pool is responsible for the remaining portion of the deductible. Insurance carriers cover insured losses over \$25,000 to the limits of each policy. Since the pool is a cooperative program, there is a joint liability among the participating members towards the sharing of the \$19,000 - \$24,000 portion of the deductible. The pool, however, purchases a Stop Loss Policy in the amount of \$180,000 to eliminate any risk to members and, in addition, fully funds the Stop Loss in the budget.

Property insurance is subject to a per-occurrence deductible of \$10,000. Members are responsible for the first \$1,000 - \$5,000 of the deductible amount of each claim depending on the county, while the pool is responsible for the remaining \$5,000 - \$9,000.

Boiler and machinery insurance is subject to a per-occurrence deductible of \$2,500. Members are responsible for the deductible amount of each claim.

Members contract to remain in the pool for a minimum of one year, and must give notice before December 31 before terminating participation the following September 1. The Interlocal Governmental Agreement is renewed automatically each year. Even after termination, a member remains responsible for contributions to the pool for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Governmental Agreement.

The pool is fully funded by its member participants. Members file claims with Canfield & Associates, Inc., which has been contracted to perform pool administration, claims adjustment and administration and loss prevention for the pool.

A governing board is selected by the membership and is responsible for conducting the business affairs of the pool. The Board of Directors has contracted with Canfield & Associates, Inc. to perform day-to-day administration of the pool. This pool has no employees.

The County is a direct reimbursable entity with the Employment Security Department for unemployment.

The Unemployment Insurance fund is responsible for collecting interfund payments from insured funds and departments for reimbursement of claims paid to the Employment Security Department. The estimated liability for unemployment charges, based upon the previous quarter's charges is approximately \$7500.

According to Resolution # 11-05, Lincoln County implemented a Self-Insurance Program for employee medical insurance. The resolution was signed during the January 24, 2011 meeting with an effective date of February 1, 2011. EMSpring is the broker of record for Lincoln County's health insurance program. RCW 48.62.031 provides local governments the authority to contract with third parties to provide risk management, claims and administrative service. Current Lincoln County fund balances are adequate to fully fund all reserve accounts for a self-funded program.

Claims Liability – Beginning of Year - \$0.00

Claims Incurred during the year - \$609,707.19

Payments on Claims - \$609,707.19

Claims Liability – End of Year - \$0.00

All claims are billed to Lincoln County on a weekly basis and we process the claims at each Board of County Commissioners meeting. Therefore, at the end of the year, we do not have any known outstanding claims. There are additional expenditures of \$328,856.85 from the Employee Self-Insurance Fund for Professional Services (not related to claims).

I. Reserved Fund Balances – In the BARS manual definitions, any amounts of cash and investments with either internal or external restrictions or have statutory requirements dictating how the funds are collected and expended must be reported as reserved fund balances.

Counseling Services	\$4,097	Statutory requirement - mental health services
Developmental Disabilities	\$4,076	Statutory requirement - mental health services
Veteran's Assistance	\$18,749	Statutory requirement - honorable discharge veterans
Treasurer's M&O	\$50,632	Statutory requirement - foreclosure fees
Auditor's M&O	\$126,289	Statutory requirement - document surcharge
Special Funded Services	\$51,686	Internal restrictions-retained earnings, insurance & building reserve
Affordable Housing	\$12,780	Statutory requirement limiting expenditures - document surcharge
Special Reserve Fund	\$34,579	External restrictions - Davenport contract with Sheriff's Office
Lincoln County Tourism	\$30,796	Statutory requirement - hotel/motel tax
REET Technology	\$88,985	Statutory requirement - electronic technology fee
Trial Court Improvement	\$42,288	Statutory requirement - judicial salary
Homeless Housing	\$19,619	Statutory requirement - document surcharge
Criminal Anti-Profiteering	\$2,455	Statutory requirement - statewide apportionment
Crime Victims	\$126,761	Statutory requirement - crime victim and witness fees
Domestic Violence	\$14,103	Statutory requirement - document surcharge
Public Defense	\$6,032	Statutory requirement - state entitlement/public defense
		Statutory requirement-434 CDBG grant/low income housing improvement
Housing Rehab Project	\$80,446	
Hanson Harbor RID	\$477	External restrictions - road improvement district bond repayment
Sunny Hills RID	\$7,381	External restrictions - road improvement district bond repayment
Consolidated RID	\$32,005	External restrictions - road improvement district bond repayment
Capital Improvements	\$534,364	Statutory requirement - real estate excise tax
Rural County Development	\$201,454	Statutory requirement - rural county sales and use tax
TOTAL RESERVED FUNDS	\$1,490,054	

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY**A. Pending Legal Matters.****1. John Jensen v. Lincoln County, Spokane County Cause #12-2-02275-0**

On June 12, 2012, Lincoln County was served with a complaint for damages by John Jensen, an employee of the Public Works Department of Lincoln County, specifically the rock crushing crew. This Complaint seeks an award for unspecified unpaid wages, double damages and attorney fees as a result of Lincoln County's alleged failure to pay Mr. Jensen and others similarly situated wages for time spent traveling to and from the rock crusher work site.

Lincoln County tendered this claim to Canfield and Associates and attorney Michael E. McFarland was assigned to defend Lincoln County on this claim. Lincoln County's Answer and affirmative defenses has been filed with the court. The parties are in the midst of discovery, including written interrogatories and depositions. In addition, a hearing has been set in February on Plaintiff's attempt to certify this matter as a class action lawsuit and include an additional eight employees as Plaintiffs in this matter. This matter was resolved by the Spokane County Superior Court Judge, who granted summary judgment in favor of Lincoln County. Thereafter, Plaintiff Jensen appealed that court's ruling and the appeal is presently pending.

2. Crime and Justice in America, Inc. v. Lincoln County, U.S. District Court, Eastern District of Washington, Case #2:12-cv-00116-RNP

This case involves a complaint for declaratory injunctive relief under the Civil Rights Act, 42 USC section 1983 and damages. The thrust of the complaint is that the Lincoln County jail, as well as most other county sheriffs' jails in the State of Washington have failed and refused to allow the Plaintiff's inmate magazine to be published within the jails.

Lincoln County was apparently never served with this complaint. However, defense of this matter was tendered to Canfield & Associates and ultimately assigned to James Baker to defend Lincoln County in this matter.

It is this author's understanding that numerous counties have settled with plaintiffs. However, the Federal District Court granted summary judgment in Lincoln County's favor and this matter is concluded.

3. Unlawful Labor Practices-Sergeant Promotion

On July 11, 2012, the Lincoln County Deputy Police Guild filed an unlawful labor practice against Lincoln County. The Complaint was filed with the Public Employment Relation Commission and alleges employer interference with employee rights and employer refusal to bargain. The gist of the complaint is that in promoting Sgt. Deputy Mike Stauffer to a vacant sergeant position, Lincoln County violated county nepotism policy, since Mike Stauffer and Mark Stauffer are both deputy sheriffs who tested for the sergeant position. Lincoln County employed labor attorney James Kalomon as a special deputy prosecuting attorney to represent Lincoln County in this matter. An Answer to the Complaint was filed. Thereafter, the Public Employment Relations Commission (PERC) "deferred the matter to arbitration". This matter was ultimately dismissed by the Police Guild and this matter is concluded.

4. Unlawful Labor Practice-Sheriff's evaluation process

On October 3, 2012, the Lincoln County Deputy Police Guild filed an unlawful labor practice against Lincoln County with the Public Employee Relations Commission, (hereafter PERC). The Unlawful Labor Practice alleges that Lincoln County has interfered with employee rights and has refused to bargain. The thrust of this ULP is that deputy performance evaluations are based, in part, on specific numeral performance criteria and that such evaluations are unlawful.

Lincoln County employed labor attorney James Kalomon as a special deputy prosecuting attorney to represent Lincoln County in this matter. This matter was partially settled between the parties. Thereafter, the remainder of this ULP was dismissed by the Police Guild. This matter is concluded.

5. Labor and Industries Claim by Lincoln County Deputy Sheriff Jesse Allen

On November 29, 2011, Lincoln County Sheriff's Deputy Jesse Allen filed a claim with the Labor and Industries Commission alleging that he has suffered a debilitating back injury as a result of the interior design of the patrol vehicle Deputy Allen has been assigned to. Lincoln County opposed Deputy Allen's claim. On December 11, 2012, doctors who performed a May 22, 2012 examination and who reviewed other information provided to them concluded that Deputy Allen did not have any physical restriction from work as a deputy sheriff for Lincoln County Sheriff's Office. Thereafter, L&I denied Deputy Allen's claim.

On January 8, 2013, attorney Brian Ernst of the firm of Beemer and Mumma, a Spokane worker's compensation firm, filed a Notice of Representation and a protest and request for reconsideration. The Labor and Industries agency ultimately rejected Deputy Allen's claim. Deputy Allen and his attorneys have appealed that decision to the State Board of Industrial Appeals and depositions have taken place. Hearings are scheduled for the end of February and the beginning of March 2014, with no firm conclusion yet reached.

6. Notice of Claim

On October 25, 2012, the Lincoln County Hospital District filed a Notice of Claim with Lincoln County, alleging that a fraudulent check had been improperly honored by the Lincoln County Treasurer. There has been no further action on this claim.

7. Bid Process for Asphalt Project

On August 6, 2013, Lincoln County awarded a bid for an asphalt project in Lincoln County to Specialty Asphalt of Spokane, WA. Thereafter, it was discovered that the bid proposal sent out by Lincoln County stated mistakenly that no bid bond or performance bond was required. RCW 39.08.101 requires a contractor to obtain a performance bond on a public works contract. Lincoln County then requested that Specialty Asphalt obtain a performance bond in order that the process comply with state law. Specialty Asphalt obtained an attorney and has refused or has been unable to obtain a performance bond. Threatening letters were received from Specialty Asphalt's attorneys and to date the asphalt project has not gone forward. This matter appears unresolved at this time.

8. Grant County PUD Issue

During 2013, Grant County damaged Lincoln County roadways while serving customers in Lincoln County. The extent of the damage is approximately \$13,000. The Lincoln County Public Works Department put together a billing for this damage and submitted it to Grant County for payment. On February 6, 2014 a check in the amount of \$9,172.25 was received from Grant County PUD to settle this claim.

At the same time, Lincoln County had been requesting for several years that the Grant County PUD enter into a franchise agreement with Lincoln County. For various reasons, that never occurred. At this point, Grant County has been informed that no further permitting would be allowed in Lincoln County until a franchise agreement is in place. This matter remains unresolved at this time.

9. NoaNet v. Lincoln County, et al

NoaNet brought action against 32 of the 39 Washington counties, pursuant to RCW 84.69.020. The case involves whether NoaNet's operating property is exempt from property tax under the Government Property Exemption provided in Article VII Section 1 and RCW 84.36.010. NoaNet is a non-profit cooperation created under the Interlocal Cooperation Act, which allows public utilities districts and other public agencies to work together for their mutual advantage. All the members/shareholders that formed NoaNet are "municipal corporations" that qualify for the Government Property Exemption.

Lincoln County, along with most counties, tendered its defense of this matter to the Washington State Attorney General's Office. Recently, Judge Sal Mendoza of the Benton County Superior Court, denied the department's motion to dismiss NoaNet's complaint and granted NoaNet's motion for summary judgment. Apparently, the Court's decision was not unexpected. The Interlocal Cooperation Act contains broad language granting NoaNet all of the "privileges" of its members. Because all of NoaNet's members qualify for the Government Property Exemption, it was not much of a leap for the court to conclude that the Legislature, by enacting the Interlocal Cooperation Act, intended to grant NoaNet the "privilege" of that exemption.

The total amount in dispute in the court case is roughly \$200,000, which is the amount of property tax NoaNet paid under protest to roughly 25 counties in 2013. However, NoaNet has also filed administrative refund claims with the Treasurers in 32 of the 39 counties pursuant to RCW 84.69.020. That administrative refund statute has a longer statute of limitation period (3 years) as opposed to the 1-year limitation under the "payment under protest" refund statute (RCW 84.68.) The amount in dispute in the administrative refund claims is roughly \$1,000,000.

The Department of Revenue is apparently considering whether to appeal Judge Mendoza's ruling. If no appeal is filed, the DOR will likely advise the Treasurers of the impacted Counties to grant NoaNet's administrative refund claims. Apparently, the Court has not yet entered an order granting NoaNet's motion for summary judgment. The Attorney General's office has objected to NoaNet's proposed order and has submitted an alternative order. A hearing/presentation is set for February 28, 2014. Once the judge enters the order, the Attorney General will forward a copy for our records.

B. Appropriation and Fund Balances

There have been no material violations of finance-related legal or contractual provisions. There is one fund where expenditures exceeding legal appropriations (resulting in negative cash balance at the end of the year).

NOTE 3 – INVESTMENTS

The Lincoln County and Lincoln County Districts investments are either insured, registered or held by Lincoln County or its agent in the County and District's name.

Investments are presented at original cost.

Investments by type at December 31, 2013 are as follows:

Type of Investment	Lincoln County Investments	Investments held by Lincoln County as an agent for other governments, individuals or private organizations	Total
L.G.I.P.	\$147,330	\$16,081,275	\$16,228,605
US Government Securities	\$0	\$5,541,451	\$5,541,451
Other: MMA	\$0	\$10,000	\$10,000
<hr/>			
Total	\$147,330	\$21,632,726	\$21,780,056

NOTE 4 – PROPERTY TAXES

The County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Collections are distributed at the end of each month.

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

Property Tax Calendar

January 1	Taxes are levied and become an enforceable lien against the properties.
February 14	Tax bills are mailed.
April 30 May 31	First of two equal installment payments is due. Assessed value of property established for next year's levy at 100 percent of market value.
October 31	Second installment is due.

The County may levy up to \$1.80 per \$1,000 on assessed valuation for general governmental services, subject to two limitations:

- a. Washington State Law in RCW 84.55.010 limits the growth of regular property taxes to 1 percent per year, after adjustments for new construction. If the assessed valuation increased by more than 6 percent due to revaluation, the levy rate will be decreased.
- b. The Washington State Constitution limits the total regular property taxes to one percent of assessed valuation or \$10 per \$1,000 of value. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the 1 percent limit.

The County's regular levy for 2013 was \$1.53157 per \$1,000 on assessed valuation of \$1,190,445,636 for a total regular levy of \$1,823,251.

The County is also authorized to levy \$2.25 per \$1,000 of assessed valuation in the unincorporated areas for road construction and maintenance. This levy is subject to the limitations of the levy for general governmental services. The County's road levy for 2013 of \$1.82326 per \$1,000 on assessed valuation of \$971,264,212 totaled \$1,770,867. The levy was split between the County Road fund at \$1.30847 per thousand of the assessed valuation in the amount of \$1,270,870; and the Traffic Policing fund at \$0.51479 per thousand in the amount of \$499,997.

NOTE 5 - INTERFUND LOANS AND ADVANCES

The following table displays interfund loan activity during 2013.

Borrowing	Lending	Balance	New		Balance
Fund	Fund	1/1/2013	Loans	Payments	12/31/2013
Hanson Harbor RID	Special Funded Svc	485	0	324	161
Sunny Hills RID	Special Funded Svc	24,714	0	8,255	16,459
Current Expense	Special Funded Svc	84,858	65,166	82,391	67,633
Solid Waste	Pits and Quarries	0	53,000	0	53,000
TOTALS		110,057	118,166	90,970	137,253

NOTE 6 - LONG-TERM DEBT

The accompanying Schedule of Long-Term Debt (09) provides more details of the outstanding debt and liability of the County and summarizes the County's debt transactions for 2013. The debt service payment for the fiscal year being reported and future payment requirements, including interest, are as follows:

	Total Debt	County Fair	Martin Hall	Vehicle Leases
2013	19,133	3,250	8,893	0
2014	19,239	3,250	8,999	0
2015	15,977	0	8,987	0
2016	16,055	0	9,065	0
2017	6,990	0	0	0
2018	6,990	0	0	0
2019-2023	20,970	0	0	0
2024-2028	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	105,354	6,500	35,944	0

The amounts shown above for Martin Hall is Lincoln County's share only. The following table is the total debt for the bond on Martin Hall for all counties involved.

2013	435,725
2014	440,925
2015	440,325
2016	444,125
2017	0
2018	0
2019-2023	0
2024-2028	<u>0</u>
TOTAL	1,761,100

The Deer Meadows and Deer Heights RID loan was originally a bond anticipation note. It was used for the Public Works department to initiate the RID process to construct the county roads before the bond is assessed. The RID's were finalized in March and February respectively, payment period ending May 11, 2009. The two RID's were combined to create the Consolidated RID in 2009. The bond anticipation note was paid off and the assessment bond was issued based on the remaining balance of the RID. The total amount of assessment was \$1,754,971.20. The amount prepaid was \$662,639.31. The remaining amount of unpaid assessments was \$1,092,331.89. The payment is made through assessment charges to property owners within the district. See accompanying Schedule 9, Schedule for Long Term Debt for additional information.

NOTE 7 - PENSION PLANS

Substantially all County full-time and qualifying part-time employees participate in the PERS, LEOFF or PSERS retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. Actuarial information is on a system-wide basis and is not considered pertinent to the County's financial statements. Contributions to the systems by both employee and employer are based upon gross wages covered by plan benefits.

Historical trend or other information regarding each plan is presented in the Washington State Department of Retirement Systems annual financial report. A copy of this report may be obtained by writing to:

Department of Retirement Systems
Communications Unit
P.O. Box 48380
Olympia, WA 98504-8380

OTHER DISCLOSURES:

Special Revenue Funds – Lincoln County has several Special Revenue funds set up for accounting for specific revenue sources. However, the BARS manual states a substantial portion of the inflows must be at least 20 percent of restricted or committed revenues to create the special revenue fund. Lincoln County would like to keep those funds separated in our financial system, but some have been combined with Current Expense for reporting purposes. Each year, the funds are re-evaluated and some funds may be included with Current Expense one year but qualifies to stand on their own for the next year.

Fund 625, Foreclosure Surplus, is consistently reported on the Schedule 11. However, it has been added for FY 2013 to the Schedule 1 based on the State Auditor's office request.

Lincoln County

Schedule of Liabilities
For the year ended December 31, 2013

Debt Type	ID. No.	Description	Maturity/Payment Due Date	Beginning Balance January 1, 2013	Additions	Reductions	Ending Balance December 31, 2013
General Obligations							
	251.11	Martin Hall	12/1/2016	32,452	0	7,552	24,900
	259.11	Compensated Absences		776,691	73,669	0	850,360
	263.51	Fair - Tractor	12/1/2014	6,201	0	3,042	3,159
	263.91	CRID 09-01 Bond	6/1/2021	694,434	0	155,447	538,987
	263.81	USDA Loan	11/7/2020	54,771	0	54,771	0
Total General Obligations:				1,564,549	73,669	220,812	1,417,406
Total Liabilities:				1,564,549	73,669	220,812	1,417,406

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2013

Federal Agency Name/Pass-Through Agency Name	Federal Program Name	CFDA Number	Other Award Number	Expenditures			Footnote Ref
				From Pass-Through Awards	From Direct Awards	Total Amount	
Food And Nutrition Service, Department Of Agriculture/Washington State Dept of Health	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	C16892	58,730		58,730	
Food And Nutrition Service, Department Of Agriculture/Washington State Dept of Health	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	C16892	115		115	
Food And Nutrition Service, Department Of Agriculture/Washington State Dept of Health	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	C16892	15,075		15,075	
Total CFDA 10.557				73,920	0	73,920	
National Telecommunications And Information Administration, Department Of Commerce/Washington State Department of Commerce	State Broadband Data and Development Grant Program	11.558	14-62100-002	3,340		3,340	
Office Of Community Planning And Development, Department Of Housing And Urban Development/WA State Dept of Commerce Local Government & Infrastructure Division	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	11-64100-042	647,486		647,486	
Office Of Juvenile Justice And Delinquency Prevention, Department Of Justice/WA Dept of Social & Health Serv	Juvenile Accountability Block Grants	16.523	0663-98337	8,135		8,135	
Violence Against Women Office, Department Of Justice/WA Dept of Community Trade & Economic Development	Violence Against Women Formula Grants	16.588	2012-WF-AX-0047	16,081		16,081	
Violence Against Women Office, Department Of Justice/WA Dept of Community Trade & Economic Development	Violence Against Women Formula Grants	16.588	F12-31103-023	10,951		10,951	
Total CFDA 16.588				27,032	0	27,032	
Bureau Of Justice Assistance, Department Of Justice/WA State Military Department	Bulletproof Vest Partnership Program	16.607	n/a	889		889	
Federal Highway Administration (fhwa), Department Of Transportation/WA Dept of Transportation	Highway Planning and Construction	20.205	G-1016	761,934		761,934	
Federal Highway Administration (fhwa), Department Of Transportation/WA Dept of Transportation	Highway Planning and Construction	20.205	G-1017	782,689		782,689	
Federal Highway Administration (fhwa), Department Of Transportation/WA Dept of Transportation	Highway Planning and Construction	20.205	G-1018	10,095		10,095	
Federal Highway Administration (fhwa), Department Of Transportation/WA Dept of Transportation	Highway Planning and Construction	20.205	G-1019	9,928		9,928	

The accompanying notes to the Schedule of Expenditures are an integral part of this schedule

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2013

Federal Agency Name/Pass-Through Agency Name	Federal Program Name	CFDA Number	Other Award Number	Expenditures			Footnote Ref
				From Pass-Through Awards	From Direct Awards	Total Amount	
Federal Highway Administration (fhwa), Department Of Transportation/WA Dept of Transportation	Highway Planning and Construction	20.205	G-1020	4,661		4,661	
Federal Highway Administration (fhwa), Department Of Transportation/WA Dept of Transportation	Highway Planning and Construction	20.205	G-1023	269		269	
Total CFDA 20.205				1,569,576	0	1,569,576	
Department of Transportation National Highway Traffic Safety Administration /WA State Association of Sheriffs & Police Chiefs	State and Community Highway Safety	20.6	Letter	1,000		1,000	
National Highway Traffic Safety Administration (nhtsa), Department Of Transportation/WA State Association of Sheriffs & Police Chiefs	Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	Letter	953		953	
General Services Administration & the Election Assistance Commission/Office of the Secretary of State	Help America Vote Act	39.011	G2826	8,616		8,616	
Office Of Special Education And Rehabilitative Services, Department Of Education/WA State Dept of Health	Special Education-Grants for Infants and Families	84.181	12-1255	31,486		31,486	
Centers For Disease Control And Prevention, Department Of Health And Human Services/WA State Dept of Health	Public Health Emergency Preparedness	93.069	C16892	28,491		28,491	
Centers For Disease Control And Prevention, Department Of Health And Human Services/WA State Dept of Health	Immunization Cooperative Agreements	93.268	C16892	1,067		1,067	
Centers For Disease Control And Prevention, Department Of Health And Human Services/WA State Dept of Health	Immunization Cooperative Agreements	93.268	C16892	1,902		1,902	
Centers For Disease Control And Prevention, Department Of Health And Human Services/WA State Dept of Health	Immunization Cooperative Agreements	93.268	C16892	4,333		4,333	
Centers For Disease Control And Prevention, Department Of Health And Human Services/WA State Dept of Health	Immunization Cooperative Agreements	93.268	C14955	22,247		22,247	3
Total CFDA 93.268				29,549	0	29,549	
Centers For Disease Control And Prevention, Department Of Health And Human Services/WA State Dept of Health	Centers for Disease Control and Prevention_ Investigations and Technical Assistance	93.283	C300-412-769	14,471		14,471	

The accompanying notes to the Schedule of Expenditures are an integral part of this schedule

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2013

Federal Agency Name/Pass-Through Agency Name	Federal Program Name	CFDA Number	Other Award Number	Expenditures			Footnote Ref
				From Pass-Through Awards	From Direct Awards	Total Amount	
Centers For Disease Control And Prevention, Department Of Health And Human Services/WA State Dept of Health	PPHF 2012 - Prevention and Public Health Fund (Affordable Care Act) - Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by 2012 Prevention and Public Health Funds	93.539	C16892	749		749	
Centers For Disease Control And Prevention, Department Of Health And Human Services/WA State Dept of Health	PPHF 2012 - Prevention and Public Health Fund (Affordable Care Act) - Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by 2012 Prevention and Public Health Funds	93.539	C16892	2,123		2,123	
Total CFDA 93.539				2,872	0	2,872	
Administration For Children And Families, Department Of Health And Human Services/WA State Dept of Social & Health Services	Child Support Enforcement	93.563	2110-80330	168,020		168,020	
Centers For Disease Control And Prevention, Department Of Health And Human Services/WA State Dept of Social and Health Services	Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance – financed in part by the Prevention and Public Health Fund (PPHF-2012)	93.733	C16892	1,000		1,000	
Centers For Medicare And Medicaid Services, Department Of Health And Human Services/WA State Dept of Social and Health Services	Medical Assistance Program	93.778	1163-27317	15,254		15,254	
Office Of The Secretary, Department Of Health And Human Services/WA State Dept of Health	National Bioterrorism Hospital Preparedness Program	93.889	C16892	7,762		7,762	
Office Of The Secretary, Department Of Health And Human Services/WA State Dept of Health	National Bioterrorism Hospital Preparedness Program	93.889	n/a	2,557		2,557	
Total CFDA 93.889				10,319	0	10,319	
Substance Abuse And Mental Health Services Administration, Department Of Health And Human Services/WA State Dept of Social and Health Services	Block Grants for Prevention and Treatment of Substance Abuse	93.959	1163-27317	4,806		4,806	

The accompanying notes to the Schedule of Expenditures are an integral part of this schedule

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2013

Federal Agency Name/Pass-Through Agency Name	Federal Program Name	CFDA Number	Other Award Number	Expenditures			Footnote Ref
				From Pass-Through Awards	From Direct Awards	Total Amount	
Substance Abuse And Mental Health Services Administration, Department Of Health And Human Services/WA State Dept of Social and Health Services	Block Grants for Prevention and Treatment of Substance Abuse	93.959	1163-27317	2,993		2,993	
Substance Abuse And Mental Health Services Administration, Department Of Health And Human Services/WA State Dept of Social and Health Services	Block Grants for Prevention and Treatment of Substance Abuse	93.959	1163-27317	42,334		42,334	
Substance Abuse And Mental Health Services Administration, Department Of Health And Human Services/WA State Dept of Social and Health Services	Block Grants for Prevention and Treatment of Substance Abuse	93.959	1163-27317	14,511		14,511	
Total CFDA 93.959				64,644	0	64,644	
Centers For Disease Control And Prevention, Department Of Health And Human Services/WA State Dept of Health	Preventive Health and Health Services Block Grant	93.991	300-412-769	6,237		6,237	
Health Resources And Services Administration, Department Of Health And Human Services/WA State Dept of Health	Maternal and Child Health Services Block Grant to the States	93.994	C16892	20		20	
Health Resources And Services Administration, Department Of Health And Human Services/WA State Dept of Health	Maternal and Child Health Services Block Grant to the States	93.994	C14955	35,825		35,825	
Health Resources And Services Administration, Department Of Health And Human Services/WA State Dept of Health	Maternal and Child Health Services Block Grant to the States	93.994	C14955	1,000		1,000	
Total CFDA 93.994				36,845	0	36,845	
Department Of Homeland Security/WA Parks and Recreation Commission	Boating Safety Financial Assistance	97.012	n/a	12,025		12,025	
Department Of Homeland Security/WA State Military Dept	Emergency Management Performance Grants	97.042	E12-329	18,872		18,872	
Department Of Homeland Security/WA State Military Dept	Interoperable Emergency Communications	97.055	E11-148	478		478	
Department Of Homeland Security/WA State Military Dept	Homeland Security Grant Program	97.067	SDEM-1216/E13-139	2,992		2,992	
Department Of Homeland Security/WA State Military Dept	Homeland Security Grant Program	97.067	SDEM-1116/E12-227	5,008		5,008	
Department Of Homeland Security/WA State Military Dept	Homeland Security Grant Program	97.067	E12-227	12,000		12,000	
Department Of Homeland Security/WA State Military Dept	Homeland Security Grant Program	97.067	E13-156	7,875		7,875	
Total CFDA 97.067				27,875	0	27,875	
Total Federal Awards Expended:				2,809,385	0	2,809,385	

The accompanying notes to the Schedule of Expenditures are an integral part of this schedule

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Year Ended December 31, 2013

NOTE 1 – BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is prepared on the same basis of accounting as the County's financial statements. The County uses the cash basis of accounting.

NOTE 2 – PROGRAM COSTS

The amounts shown as current year expenditures represent only state or federal grant portions of the program costs. Entire program costs, including the County's portion, may be more than shown.

NOTE 3 – NONCASH AWARDS – VACCINATIONS

The amount of vaccine reported on the schedule is the value of vaccine and syringes distributed by the County during the current year and priced as prescribed by the Department of Health.



ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens as an advocate for government accountability. As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

The State Auditor's Office employees are located around the state to deliver services effectively and efficiently.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments and fraud, whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our Web site and through our free, electronic subscription service.

We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive quality assurance program.

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