



Washington State Auditor's Office

Government that works for citizens

Financial Statements Audit Report **Asotin County**

For the period January 1, 2015 through December 31, 2015

Published November 28, 2016

Report No. 1018008





Washington State Auditor's Office

November 28, 2016

Board of Commissioners
Asotin County
Asotin, Washington

Report on Financial Statements

Please find attached our report on Asotin County's financial statements.

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

Sincerely,

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

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**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**

**Asotin County
January 1, 2015 through December 31, 2015**

Board of Commissioners
Asotin County
Asotin, 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 Asotin County, Washington, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's financial statements, and have issued our report thereon dated November 14, 2016.

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 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

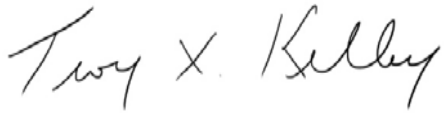
As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of the County's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material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

A handwritten signature in cursive script that reads "Troy X. Kelley". The signature is written in dark ink on a white background.

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

November 14, 2016

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Asotin County January 1, 2015 through December 31, 2015

Board of Commissioners
Asotin County
Asotin, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Asotin County, Washington, for the year ended December 31, 2015, 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, Asotin County has prepared these financial statements to meet the financial reporting requirements of Washington State statutes using accounting practices prescribed by the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of Asotin County, for the year ended December 31, 2015, 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 Asotin County, as of December 31, 2015, 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

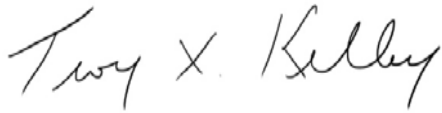
Supplementary and Other Information

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Liabilities is presented for purposes of additional analysis, as required by the prescribed BARS manual. This schedule is 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 November 14, 2016 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 black ink that reads "Troy X. Kelley". The signature is written in a cursive style with a large, stylized 'T' and 'K'.

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

November 14, 2016

FINANCIAL SECTION

Asotin County January 1, 2015 through December 31, 2015

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2015
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2015
Notes to the Financial Statement – 2015

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2015

Asotin County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2015

		<u>Total for All Funds (Memo Only)</u>	<u>001 Current Expense</u>	<u>101 County Road</u>
Beginning Cash and Investments				
30810	Reserved	70,110	-	-
30880	Unreserved	25,732,434	3,939,097	3,458,218
388 & 588	Prior Period Adjustments, Net	21,603	-	-
Operating Revenues				
310	Taxes	6,499,776	4,098,572	1,244,269
320	Licenses and Permits	222,189	217,413	1,876
330	Intergovernmental Revenues	5,259,090	1,790,681	2,240,345
340	Charges for Goods and Services	5,050,655	1,472,103	151,133
350	Fines and Penalties	156,905	156,905	-
360	Miscellaneous Revenues	1,929,094	334,227	1,959
Total Operating Revenues:		<u>19,117,709</u>	<u>8,069,901</u>	<u>3,639,582</u>
Operating Expenditures				
510	General Government	4,173,322	3,886,315	-
520	Public Safety	3,830,598	3,775,554	-
530	Utilities	1,904,575	-	-
540	Transportation	3,415,565	-	2,767,642
550	Natural and Economic Environment	235,736	12,103	27,360
560	Social Services	1,074,158	39,000	-
570	Culture and Recreation	413,191	273,565	-
598	Miscellaneous Expenses	-	-	-
Total Operating Expenditures:		<u>15,047,146</u>	<u>7,986,538</u>	<u>2,795,002</u>
Net Operating Increase (Decrease):		<u>4,070,563</u>	<u>83,364</u>	<u>844,580</u>
Nonoperating Revenues				
370-380, 395 & 398	Other Financing Sources	150,722	52,327	-
391-393	Debt Proceeds	-	-	-
397	Transfers-In	1,120,323	649,090	-
Total Nonoperating Revenues:		<u>1,271,044</u>	<u>701,417</u>	<u>-</u>
Nonoperating Expenditures				
580, 596 & 599	Other Financing Uses	119,446	30,482	-
591-593	Debt Service	920,917	-	-
594-595	Capital Expenditures	2,218,271	18,377	824,799
597	Transfers-Out	1,256,572	766,239	-
Total Nonoperating Expenditures:		<u>4,515,206</u>	<u>815,098</u>	<u>824,799</u>
Net Increase (Decrease) in Cash and Investments:		<u>826,402</u>	<u>(30,317)</u>	<u>19,781</u>
Ending Cash and Investments				
5081000	Reserved	72,955	-	-
5088000	Unreserved	26,577,593	3,908,779	3,477,999
Total Ending Cash and Investments		<u>26,650,548</u>	<u>3,908,779</u>	<u>3,477,999</u>

The accompanying notes are an integral part of this statement.

103 Capital Improvement	104 County Fair	106 Law Library	107 Vetaran's Relief	109 Emergency Services	110 Auditor's O&M
-	70,110	-	-	-	-
1,102,137	2,026	38,168	6,736	14,017	676,340
-	-	-	-	-	-
151,771	-	-	18,066	-	-
-	-	-	-	-	-
-	62,913	-	33	43,946	43,083
-	68,645	9,867	-	6,500	8,577
-	-	-	-	-	-
-	48,293	-	-	-	1,328
151,771	179,851	9,867	18,099	50,446	52,988
-	-	-	-	-	12,234
-	-	-	-	23,375	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	15,249	-	-
-	127,587	2,234	-	-	-
-	-	-	-	-	-
-	127,587	2,234	15,249	23,375	12,234
151,771	52,264	7,633	2,850	27,071	40,754
-	30,000	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	30,000	-	-	-	-
-	30,000	-	-	-	-
-	189	-	-	-	-
-	30,000	578	-	31,078	14,689
-	-	-	-	-	-
-	60,189	578	-	31,078	14,689
151,771	22,075	7,055	2,850	(4,007)	26,065
-	72,955	-	-	-	-
1,253,908	21,256	45,223	9,586	10,010	702,405
1,253,908	94,211	45,223	9,586	10,010	702,405

The accompanying notes are an integral part of this statement.

112 Noxious Weed	117 Anatone Communtiy Hall	123 Community Block Grant	125 Boating Safety	128 Hotel/Motel Tax Fund	129 Community Services
-	-	-	-	-	-
108,138	12,998	-	31,360	233,155	362,658
-	-	-	-	-	-
66,165	-	-	-	108,576	40,115
-	-	-	-	-	-
13,037	-	28,872	6,557	-	756,171
8,133	-	-	-	-	341,004
-	-	-	-	-	-
11,142	8,850	-	-	-	5,476
98,477	8,850	28,872	6,557	108,576	1,142,767
-	-	-	-	-	-
-	-	-	3,424	-	-
-	-	-	-	-	-
-	-	-	-	-	-
88,572	-	28,872	-	63,829	-
-	-	-	-	-	1,019,909
-	9,804	-	-	-	-
-	-	-	-	-	-
88,572	9,804	28,872	3,424	63,829	1,019,909
9,905	(954)	-	3,133	44,747	122,858
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	97	-	20,209
-	-	-	-	-	-
-	-	-	97	-	20,209
9,905	(954)	-	3,036	44,747	102,649
-	-	-	-	-	-
118,043	12,045	-	34,396	277,902	465,306
118,043	12,045	-	34,396	277,902	465,306

The accompanying notes are an integral part of this statement.

135 Public Facilities Improvements	137 Residual Settlement	140 Affordable Housing	170 Trial Court Improvement	220 Bond Fund 2001	260 PW Planning Loan
-	-	-	-	-	-
212,325	29,034	108,928	100,130	12,661	37
-	-	-	-	-	-
290,492	-	-	-	-	-
-	-	-	-	-	-
-	-	-	20,612	-	-
-	-	18,548	-	-	-
-	-	-	-	-	-
-	-	72	-	-	-
<u>290,492</u>	<u>-</u>	<u>18,620</u>	<u>20,612</u>	<u>-</u>	<u>-</u>
-	-	-	8,105	-	-
-	39	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	15,000	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	39	15,000	8,105	-	-
<u>290,492</u>	<u>(39)</u>	<u>3,620</u>	<u>12,507</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	127,675	-
-	-	-	-	<u>127,675</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	128,100	-
-	28,996	-	25,076	-	-
254,751	-	-	-	-	-
<u>254,751</u>	<u>28,996</u>	<u>-</u>	<u>25,076</u>	<u>128,100</u>	<u>-</u>
35,741	(29,035)	3,620	(12,569)	(425)	-
-	-	-	-	-	-
248,067	-	112,548	87,560	12,236	37
<u>248,067</u>	<u>-</u>	<u>112,548</u>	<u>87,560</u>	<u>12,236</u>	<u>37</u>

The accompanying notes are an integral part of this statement.

330 Project Fund 2001	401 Sewer Fund	410 Regional Landfill	440 Aquatic Center	460 Regional Stormwater	501 ER&R/Central Services
-	-	-	-	-	-
65,354	98,548	11,532,129	150,772	1,198,999	2,238,467
-	-	-	21,603	-	-
-	-	-	481,749	-	-
-	-	-	-	2,900	-
-	-	148,439	900	75,722	27,780
-	-	2,297,091	-	571,443	97,610
-	-	-	-	-	-
-	(16,593)	77,552	65	193,431	1,263,292
-	(16,593)	2,523,083	482,714	843,496	1,388,682
-	-	-	-	-	266,667
-	-	-	-	-	28,206
-	-	1,347,497	-	557,078	-
-	-	234	-	18,579	629,110
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,347,731	-	575,657	923,983
-	(16,593)	1,175,352	482,714	267,839	464,699
-	-	57,505	-	-	10,889
-	-	-	-	-	-
-	-	-	127,076	216,482	-
-	-	57,505	127,076	216,482	10,889
-	-	57,056	-	-	1,908
-	81,955	108,897	601,776	-	-
10,353	-	301,246	-	390,936	521,837
-	-	-	-	216,482	19,100
10,353	81,955	467,199	601,776	607,418	542,846
(10,353)	(98,548)	765,658	8,014	(123,097)	(67,257)
-	-	-	-	-	-
55,001	-	12,297,786	180,389	1,075,902	2,171,210
55,001	-	12,297,786	180,389	1,075,902	2,171,210

The accompanying notes are an integral part of this statement.

Asotin County
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2015

	Total for All Funds (Memo Only)	629 Community Services Private Trust Funds	681 Treasurer's Suspense	
308	Beginning Cash and Investments	18,541	10,662	3,646
388 & 588	Prior Period Adjustments, Net	-	-	-
310-360	Revenues	(2,122)	(10,662)	8,540
380-390	Other Increases and Financing Sources	(1,757)	-	-
510-570	Expenditures	-	-	-
580-590	Other Decreases and Financing Uses	-	-	-
	Net Increase (Decrease) in Cash and Investments:	(3,879)	(10,662)	8,540
508	Ending Cash and Investments	14,661	-	12,186

	682 Advanced Taxes	683 Open Spaces	
308	Beginning Cash and Investments	1,787	2,446
388 & 588	Prior Period Adjustments, Net	-	-
310-360	Revenues	-	-
380-390	Other Increases and Financing Sources	(1,787)	30
510-570	Expenditures	-	-
580-590	Other Decreases and Financing Uses	-	-
	Net Increase (Decrease) in Cash and Investments:	(1,787)	30
508	Ending Cash and Investments	-	2,476

The accompanying notes are an integral part of this statement.

Asotin County
Notes to the Financial Statement

For the Year Ended December 31, 2015

Note 1 - Summary of Significant Accounting Policies

Asotin County was incorporated in 1883 and operates under the laws of the state of Washington applicable to a commissioner form of government. The county is a general purpose local government and provides general government services, security of persons and property, utilities, transportation, economic environment, mental and physical health and culture and recreation.

Asotin County reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are not presented using the classifications defined in GAAP.

The County Commissioner's appoint the board members of the Asotin Housing Authority, but it is not a component unit of the County. There is no legal or financial interdependency. According to GASB Statement 14, Asotin County and the Asotin Housing Authority are related parties.

The County Commissioner's appoint the board members of the Public Facilities District, but it is not a component unit of the County. There is no legal or financial interdependency. According to GASB Statement 14, Asotin County and the Public Facilities District are related parties.

A. Fund Accounting

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements. The following fund types are used:

GOVERNMENTAL FUND TYPES:

General Fund 000-099

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

Special Revenue Funds 100-199

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

Debt Service Funds 200-299

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 300-399

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

Permanent
Funds

These funds account for financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support programs for the benefit of the government or its citizenry.

PROPRIETARY FUND TYPES:

Enterprise Funds 400-499

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

Internal Service Funds 500-599

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

FIDUCIARY FUND TYPES:

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

Private-Purpose Trust Funds 620-629

These funds report all trust arrangements under which principal and income benefit individuals, private organizations or other governments.

Agency Funds 631-699

These funds are used to account assets that the government holds on behalf of others in a custodial capacity.

B.

C. Basis of Accounting and Measurement Focus

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid.

D. Budgets

The county adopts annual appropriated budgets for all funds. These budgets are appropriated at the fund level (except 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:

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund:			
001.100 County Agent	\$ 95,937	\$ 89,538	\$ 6,399
001.105 Animal Control	\$ 11,300	\$ 10,103	\$ 1,197
001.110 Assessor	\$ 293,679	\$ 278,225	\$ 15,454
001.120 Auditor	\$ 188,435	\$ 185,987	\$ 2,448
001.125 Civil Service	\$ 4,705	\$ 4,422	\$ 283
001.130 Clerk	\$ 236,902	\$ 219,473	\$ 17,429
001.140 Commissioner	\$ 246,383	\$ 241,274	\$ 5,109
001.150 District Court	\$ 322,381	\$ 293,280	\$ 29,101
001.151 Adult Probation	\$ 80,279	\$ 70,466	\$ 9,813
001.155 Elections	\$ 121,380	\$ 101,484	\$ 19,896
001.156 General Admin	\$ 345,036	\$ 330,965	\$ 14,071
001.160 Juvenile Services	\$ 304,963	\$ 295,708	\$ 9,255
001.170 Jail	\$ 1,230,300	\$ 1,171,939	\$ 58,361
001.180 Prosecutor	\$ 543,605	\$ 536,709	\$ 6,896
001.180.001 OSE	\$ 216,312	\$ 209,657	\$ 6,655
001.190 Sheriff	\$ 1,418,483	\$ 1,396,489	\$ 21,994
001.200 Superior Court	\$ 388,665	\$ 353,388	\$ 35,277
001.210 Treasurer	\$ 193,200	\$ 176,166	\$ 17,034
001.220 Non-Departmental	\$ 493,600	\$ 477,653	\$ 15,947
001.225 Law & Justice	\$ 452,900	\$ 439,176	\$ 13,724
001.230 Voter & Registration	\$ 1,700	\$ 1,062	\$ 638
Total General Fund	\$ 7,190,145	\$ 6,883,164	\$ 306,981
101.000 County Road	\$ 3,625,925	\$ 3,555,333	\$ 70,592
102.000 Criminal Justice	\$ 500,000	\$ 500,000	\$ -
103.000 Capital Improvement	\$ 100,000	\$ -	\$ 100,000
104.000 County Fair	\$ 206,655	\$ 187,776	\$ 18,879
106.000 Law Library	\$ 15,500	\$ 2,813	\$ 12,687
107.000 Veteran's Relief	\$ 18,000	\$ 15,249	\$ 2,751

108.000 Alcoholism	\$	200,765	\$	152,440	\$	48,325
109.000 Emergency Services	\$	63,438	\$	54,453	\$	8,985
110.000 Auditor O&M	\$	39,300	\$	26,923	\$	12,377
112.000 Noxious Weed Control	\$	97,099	\$	88,572	\$	8,527
113.000 Flood Control	\$	175,000	\$	62,968	\$	112,032
114.000 Paths & Trails	\$	9,000	\$	1,500	\$	7,500
115.000 DUI County	\$	27,050	\$	13,224	\$	13,826
117.000 Anatone Community Hall	\$	9,950	\$	9,804	\$	146
118.000 Drug Seizure	\$	12,350	\$	4,056	\$	8,294
119.000 Crime Victim Witness	\$	19,500	\$	19,386	\$	114
122.000 Insurance Premium	\$	741,500	\$	609,232	\$	132,268
123.000 Community Block Grant	\$	56,400	\$	28,272	\$	28,128
124.000 Treasurer's O&M	\$	9,000	\$	8,538	\$	462
125.000 Boating Safety	\$	10,250	\$	3,521	\$	6,729
126.000 Building & Planning	\$	174,428	\$	170,043	\$	4,385
127.000 Emergency Services Comm	\$	704,210	\$	466,187	\$	238,023
128.000 Hotel/Motel	\$	70,000	\$	63,829	\$	6,171
129.000 Community Services	\$	917,180	\$	887,678	\$	29,502
131.000 Inmate Monitoring	\$	52,550	\$	35,451	\$	17,099
135.000 Public Facilities Improvement	\$	254,751	\$	254,751	\$	-
137.000 Residual Settlement	\$	29,034	\$	29,034	\$	-
140.000 Affordable Housing	\$	15,000	\$	15,000	\$	-
145.000 REET Technical	\$	82,594	\$	82,594	\$	-
146.000 Special REET	\$	17,000	\$	9,760	\$	7,240
170.000 Trial Court Improvements	\$	76,000	\$	33,181	\$	42,819
220.000 Bond Fund 2001	\$	128,675	\$	128,100	\$	575
240.000 Aquatic Center Bond	\$	475,850	\$	474,275	\$	1,575
245.000 Bond 2003-B	\$	129,100	\$	127,501	\$	1,599
330.000 Project Fund 2001	\$	20,000	\$	10,353	\$	9,647
370.000 Bond 2003-B	\$	55,565	\$	-	\$	55,565
401(203.000) Sewer Fund	\$	82,180	\$	81,955	\$	225
410.000 Regional Landfill	\$	2,211,000	\$	1,695,630	\$	515,370
412.000 Landfill Closure	\$	-	\$	-	\$	-
413.000 Landfill Post-Closure	\$	-	\$	-	\$	-
413.100 Old Landfill Post-Closure	\$	96,000	\$	38,069	\$	57,931
414.000 Waste Reduction	\$	98,000	\$	81,232	\$	16,768
460. Stormwater	\$	1,565,063	\$	1,183,074	\$	381,989
501.000 ER&R	\$	1,438,215	\$	1,215,080	\$	223,135
502.000 Central Services	\$	274,000	\$	251,749	\$	22,251
Total	\$	22,093,222	\$	19,561,750	\$	2,531,472

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 of employment must be approved by the county legislative body.

E. Cash and Investments

See Note 3, *Deposits and Investments*.

F. Capital Assets

Capital assets are assets with an initial individual cost of more than \$1,000 and an estimated life of 1 year or more. Capital assets and inventory are recorded as capital expenditures when purchased.

G. Compensated Absences

Vacation leave may be accumulated up to 30 days and is payable upon separation, retirement, or death. Annually an employee who uses 80 hours of vacation during the calendar year can request to buy back 40 hours of vacation paid out with December payroll hours.

Sick leave has no limit for accumulation. During the month of the employee's anniversary date an employee may request to sell back the unused portion of their accumulated sick leave for the preceding twelve months at twenty-five percent of the amount accrued. The maximum amount is six (6) days at twenty-five percent. A minimum of 240 hours remaining must be maintained after the buyback has occurred.

Upon separation by death or retirement employees do receive payment for unused sick leave, not to exceed one thousand (1,000) hours at the rate of fifty percent (maximum of five hundred [500] hours pay, not to be used for calculating retirement benefits (other than PERS I). Payments are recognized as expenditures when paid.

H. Long-Term Debt

See Note 4, *Debt Service Requirements*.

I. Other Financing Sources or Uses

The government's *Other Financing Sources or Uses* consist of operating transfers-in, operating transfers-out, disposition of capital assets, capital lease, and intergovernmental disbursements.

J. Risk Management

Asotin County is a member of Washington Rural Counties Insurance Program (WRCIP). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program 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 program was formed on September 1, 1998, when three counties in the state of Washington joined together by signing an Interlocal Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 1, 2014, there are eight counties in the program.

The program provides the following forms of joint self-insurance and reinsurance coverage for its members: Property, including Automobile Comprehensive, and Collision, Equipment Breakdown, and Crime Protection; and Liability, including General, Automobile, and Wrongful Acts, which are included to fit members' various needs.

The program acquires insurance through their Administrator, Clear Risk Solutions. Liability coverage is purchased to an aggregate limit of \$45,000,000.00 with a self-insured retention of \$50,000.00. Members are responsible for a \$1,000 to \$10,000.00 deductible for each claim, while the program is responsible for the \$50,000.00 self-insured retention. Since the program is a cooperative program, there is a joint liability among the participating members towards the sharing of the \$450,000.00 self-insured retention. The program also purchases a Stop Loss Policy with an attachment point off \$575,050.00.

Property insurance is subject to a per-occurrence self-insured retention of \$25,000.00. Members are responsible for a \$1,000.00 - \$10,000.00 per occurrence deductible. The program bears the \$25,000.00 self-insured retention, in addition to the deductible.

Equipment Breakdown insurance is subject to a per-occurrence deductible of \$2,500.00 (\$5,000.00 for sewer plants). Members are responsible for the full deductible amount of each claim. There is no program self-insured retention on this coverage.

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

The program is governed by an eight-member board of directors elected by each member's designated voting representative. It is felt the individual counties are best able to select their own representatives to manage their insurance association. On July 18, 2014, the board passed a resolution changing the WRCIP's renewal date from September 1, to December 1 beginning with the 2014-15 policy term. An endorsement was added to the 2013-14 Memorandum of Coverage, extending coverage to December 1, 2014. Premiums were prorated for the extension period. Invoices and certificates were issued.

The program is funded by its member participants and has no employees. Claims are filed by members/brokers with Clear Risk Solutions, who has been contracted to perform program administration, claims adjustment, administration, and loss prevention for the program. Fees paid to the third party administrator for the policy year beginning December 1, 2014 and ending December 1, 2015, were \$512,021.86.

The county has elected to report only employee hours worked to the Employment Security Department, State of Washington who pays the unemployment benefits to the employee. Employment Security bills the county for the amount of benefits paid. Hours worked and salary information is reported to Employment Security Department.

K. Reserved Portion of Ending Cash and Investments

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

Reservations of Ending Cash and Investments consist of the County Fair Building Fund, which has been internally identified as restricted for the purpose of a new building.

Note 2 - Property Tax

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed after 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.

The county's regular levy, after a levy shift of \$600,000 from the road department to current expense is as follows. For the year 2015 was \$1.88347562 per \$1,000 on an assessed valuation of \$1,599,040,081 for a total regular levy of \$3,011,753.

The Mental Health levy for 2015 was \$0.02500000 per \$1,000 on an assessed valuation of \$1,599,040,081 for a total tax amount of \$39,976.

The Veterans Relief Levy for 2015 was \$0.01124987 per \$1,000 on an assessed valuation of \$1,599,040,081 for a total tax amount of \$17,989.

The Road Levy for 2015 was \$0.94959032 per thousand dollars on an assessed valuation of \$1,090,831,464 for a total tax amount of \$1,035,843.

The Flood District Levy for 2015 was \$0.18031750 per \$1,000 on an assessed valuation of \$1,090,831,464 for a total tax amount of \$196,696.

The Emergency Medical Services (EMS) levy for 2015 was \$0.49465001 per \$1000 on an assessed valuation of \$985,072 for revenues of \$487,266.

The levy rate for the Asotin County Family Aquatic Center was \$0.30598879 per \$1,000 on an assessed valuation of \$1,555,122,337 for a total tax amount of \$475,850.

Note 3 – Deposits and Investments

Deposits and Investments

It is the county policy to invest all temporary cash surpluses. The interest on these investments is posted to the Current Expense Fund unless special provisions require the fund to receive the investment interest.

All deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission. All investments are insured, registered or held by the county or its agent in the government's name.

Investments are reported at face value. Investments by type at December 31, 2015 are as follows:

<u>Type of Investment</u>	<u>Asotin County</u>	Investments held by Asotin County as an agent for other local governments, individuals or private organizations.	Total
L.G.I.P.	<u>\$11,708,232</u>	<u>\$5,881,778</u>	<u>\$17,590,009</u>
Certificates of Deposit	<u>\$300,000</u>	<u>\$228,601</u>	<u>\$528,601</u>
Bonds	<u>\$17,816,304</u>	<u>\$1,209,796</u>	<u>\$19,026,101</u>
Total	<u>\$29,824,536</u>	<u>\$7,320,175</u>	<u>\$37,144,711</u>

Note 4 – Debt Service Requirements

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the county and summarizes the county debt transactions for year ended December 31, 2015.

The debt service requirements for general obligation bonds, revenue bonds, and Public Works Trust Fund Loan, (Other Debt), including both principle and interest, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$569,208	\$350,171	\$919,379
2016	\$534,208	\$335,968	\$870,176
2017	\$569,208	\$322,047	\$891,255
2018	\$614,208	\$306,167	\$920,375
2019	\$659,208	\$288,824	\$948,032
2020- 2024	\$3,911,041	\$1,115,256	\$5,026,297
2025-2029	\$3,511,041	\$345,906	\$3,856,947
2030-2033	\$782,625	\$48,463	\$831,088
TOTALS	<u>\$11,150,748</u>	<u>\$3,112,800</u>	<u>\$14,263,548</u>

Note 5 - Interfund Loans

The following table displays interfund loan activity during 2015:

<u>Borrowing Fund</u>	<u>Lending Fund</u>	<u>Balance 1/1/2015</u>	<u>New Loans</u>	<u>Repayments</u>	<u>Balance 12/31/2015</u>
County Fair	Ins. Premium/In-Lieu	\$ 0	\$ 30,000	\$ 30,000	\$ 0
	TOTALS	<u>\$ 0</u>	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 0</u>

Note 6 - Pension Plans

Substantially all county full-time and qualifying part-time employees participate in PERS plans 1, 2 & 3, PSERS, and LEOFF plan 2 administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans.

The State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

Department of Retirement Systems
 Communications Unit
 PO Box 48380
 Olympia, WA 98504-8380

Also, the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov

At June 30, 2015, the County proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	Allocation %	Liability (Asset)
PERS1	0.005019%	\$262,540
PERS1 UAAL	0.040815%	\$2,135,004
PERS 2 and 3	0.047453%	\$1,695,523
Public Safety ERS 2	0.154901%	\$28,273
LEOFF 1	0.001207%	(\$14,547)
LEOFF 2	0.024499%	(\$251,801)

LEOFF Plan 1

The County also participates in LEOFF Plan 1. The LEOFF Plan 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. Starting on July 1, 2000, employers and employees contribute zero percent.

LEOFF Plan 2

The County also participates in the LEOFF Plan 2. The Legislature, by means of a special funding arrangement, appropriates money from the state general fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute.

The County discovered during the reconciliation process between what the County reported to DRS and what DRS had for the County, included the Asotin County Library. The County removed the Library portion for reporting, and has since asked the Library to set up their own organization number with DRS.

Note 7 - Other Disclosures

In the Schedule of Long Term Liabilities (Schedule 9), landfill closure and post-closure costs are in 2014 dollars and assume a full build-out of the landfill, with closure costs beginning in 2037 and post-closure expenses beginning in 2038.

In the Schedule of Cash Activity (Schedule 11), the disbursements column includes Treasurer's checks per the instructions. However, this creates a difference on the Schedule of Disbursements (Schedule 07) for claims clearing which does not include Treasurer's checks.

Per Washington State Auditor's Office requirements, the following funds were consolidated for reporting purposes:

1. 440.000 (Aquatic Center), 440.200 (Aquatic Center Capital Improvements), 370.000 (Aquatic Center 2003B), 240.000 (GO Bond Aquatic Center), and 245.000 (Bond Fund 2003B)
2. 401.000 (Sewer Fund) and 203.000 (GO Refund 88/95)
3. 128.000 (Hotel/Motel Tax Fund) and 128.001 (Hotel/Motel Tax Fund – Stadium)
4. 410.000 (Landfill) 412.000 (Landfill Closure)
413.000 (Landfill Post-Closure)
413.001 (Old Landfill Post-Closure), and 414.000 (Waste Reduction)
5. 001.000 (Current Expense), 102.000(Criminal Justice), 111.000 (Election Reserve), 115.000 (DUI County), 118.000 (Drug Seizure), 119.000 (Crime Victim Witness), 122.000 (Insurance Premium), 124.000 (Treasurer's O&M), 126.000 (Building & Planning), 127.000 (Emergency Services Comm.), 131.000 (Inmate Monitoring), 134.000 (Public Transportation Reserve), 145.000 (REET Technical), 146.000 (Special REET)
6. 129.000 (Community Services), 108.000 (Alcoholism)
7. 104.000 (County Fair), 105.000 (County Fair Building)
8. 101.000 (County Road), 113.000 (Flood Control District), 114.000 (Paths & Trails)
9. 501.000 (ER&R), 502.000 (Central Services)
10. 460.000 (Regional Stormwater), 460.001 (Asotin Co. Capital), 460.002 (Asotin City Capital), 460.003 (Clarkston Capital), 460.004 (Stormwater ER&R)

Statement C-5 has Fund #629.000 reported for Community Services Private Trust Funds. Per a requirement from Department of Social & Health Services, Community Services accounts for individual bank accounts as is designated as a payee under the County Tax ID. Private Trust Fund 629.000 was separated from Community Services in 2015, and has been closed.

County funds closed during fiscal year 2015 were:

- Fund number 203.000, G.O. Ref 88/95, under Resolution #15-51.
- Fund number 145.000 REET Tech, under Resolution #15-51.
- Fund number 111.000 Election Reserve, under Resolution #15-17.
- Fund number 134.000 Public Trans Reserve, under Resolution #15-50.
- Fund number 137.000 Residual Settlement, under Resolution #15-50.
- Fund number 440.000 Aquatic Center Operations, under Resolution #15-50.

County funds created during fiscal year 2015 were:

Fund number 001.151 Adult Probation, under Resolution #15-01.

Fund 440.000 Aquatic Center, had an error with ending cash balance for 2014, in the amount of \$21,603. A prior period adjustment was done, in order to correct the error, which was created during the transfer of the Aquatic Center to the Public Facilities District.

In March of 2016 Unlimited Tax General Obligation Refunding Bonds, 2006 were refunded and refinanced to reduce the liability to the tax payers.

Asotin County
Schedule of Liabilities
For the Year Ended December 31, 2015

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	Sewer Bond (203.000)	5/1/2015	80,000	-	80,000	-
251.11	Courthouse Bond (220.000)	12/1/2021	795,000	-	105,000	690,000
251.12	Aquatic Center (240.000)	12/1/2027	6,585,000	-	205,000	6,380,000
251.11	Aquatic Center (245.000)	12/1/2033	1,815,000	-	75,000	1,740,000
Total General Obligation Debt/Liabilities:			9,275,000	-	465,000	8,810,000
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absences		388,063	25,740	-	413,803
263.22	Landfill Closure & Post Closure		20,412,811	-	-	20,412,811
263.82	Public Works Trust Fund Loan #PC13-961-016	6/1/2032	1,875,748	-	104,208	1,771,540
263.52	Landfill (410.000) Capital Lease CAT	6/1/2019	562,659	-	64,813	497,846
264.30	Pension Liabilities		-	4,121,340	-	4,121,340
Total Revenue and Other (non G.O.) Debt/Liabilities:			23,239,281	4,147,080	169,021	27,217,340
Total Liabilities:			32,514,281	4,147,080	634,021	36,027,340

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 to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

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.

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 as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

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

Contact information for the State Auditor's Office	
Public Records requests	PublicRecords@sao.wa.gov
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov