



Washington State Auditor's Office

Troy Kelley

Integrity • Respect • Independence

Financial Statements and Federal Single Audit Report

Jefferson County

For the period January 1, 2013 through December 31, 2013

Published September 2, 2014

Report No. 1012435





Washington State Auditor
Troy Kelley

September 2, 2014

Board of Commissioners
Jefferson County
Port Townsend, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on Jefferson 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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Federal Summary

Jefferson County January 1, 2013 through December 31, 2013

The results of our audit of Jefferson 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 each of its major federal programs.

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 were major programs during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
66.202	Congressionally Mandated Projects
66.120	Puget Sound Watershed Management Assistance
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 did not qualify as a low-risk auditee under OMB Circular A-133.

Schedule of Prior Federal Audit Findings

Jefferson County January 1, 2013 through December 31, 2013

This schedule presents the status of federal findings reported in prior audit periods. The status listed below is the representation of Jefferson County. The State Auditor's Office has reviewed the status as presented by the County.

Audit Period: 1/1/2012 – 12/31/2012	Report Ref. No: 1010611	Finding Ref. No: 1	CFDA Number(s): 66.120
Federal Program Name and Granting Agency: Puget Sound Watershed Management Assistance, U.S. Environmental Protection Agency		Pass-Through Agency Name: NA	
Finding Caption: The County's internal controls were not adequate to ensure compliance with Puget Sound Watershed Management Assistance program reporting requirements.			
Background: <ul style="list-style-type: none"> The County did not submit the required Utilization of Small, Minority, and Women Business Enterprises (MBE/WBE) reports to the federal granting agency during the audit period, but submitted the reports in fiscal year 2013 after it received a finding from the federal granting agency for failing to submit the reports. The County submitted the required progress reports anywhere from one week to two months past the federal agency deadline. 			
Status of Corrective Action: (check one) <input checked="" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> No Corrective Action Taken <input type="checkbox"/> Finding is considered no longer valid			
Corrective Action Taken: <i>Financial Team meets regularly, takes detailed minutes, reviewing many fiscal reports including the grant task/status report. The grant task/status report identifies all required reporting and tasks in each grant awarded to Jefferson County Public Health (grant, report, task, project lead, dates due, when completed, etc.). Alisa Hasbrouck from the finance team sends notice to the project lead asking for an update of a particular grant, project lead indicates which tasks and/or reports have been completed, and provide documentation as needed. If during a financial team meeting it is discovered a report and/or task is not complete, Alisa notifies the project lead immediately and asks for an estimated time for completion. Other steps may be taken (supervisor may be copied) as deemed necessary.</i>			

Status of Prior Audit Findings

Jefferson County January 1, 2013 through December 31, 2013

The status of findings contained in the prior years' audit reports of Jefferson County is provided below:

- 1. The County's internal controls are inadequate to ensure complete and accurate financial reporting.**

Report No. 1010611, dated September 30, 2013

Background

It is the responsibility of County management to design and follow internal controls and processes that provide reasonable assurance regarding the reliability of financial reporting. Our audit identified a significant deficiency in controls that adversely affect the County's ability to produce reliable financial statements and reports.

The County has not dedicated sufficient resources to design and implement internal control processes that ensure its financial reporting is accurate and complete. Further, the County Auditor's Office and Treasurer's Office did not communicate or reconcile reported differences in each other's accounting systems.

Status

The condition reported during the 2012 audit has been resolved. Management took steps to strengthen internal controls regarding the preparation of the financial statements and reports by dedicating sufficient resources to design and implement internal control processes that ensure its financial reporting is accurate and complete. This included assigning additional staff and devoting more time to reconcile differences between the Auditor's general ledger and the Treasurer's general ledger.

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*

Jefferson County
January 1, 2013 through December 31, 2013

Board of Commissioners
Jefferson County
Port Townsend, 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 Jefferson 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 August 26, 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.

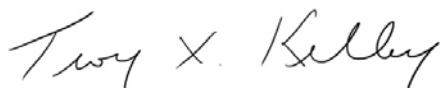
COMPLIANCE AND OTHER MATTERS

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

August 26, 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

Jefferson County
January 1, 2013 through December 31, 2013

Board of Commissioners
Jefferson County
Port Townsend, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the compliance of Jefferson 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.

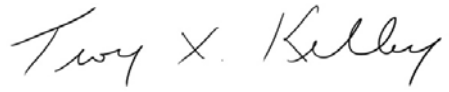
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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

August 26, 2014

Independent Auditor's Report on Financial Statements

Jefferson County January 1, 2013 through December 31, 2013

Board of Commissioners
Jefferson County
Port Townsend, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Jefferson 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 13.

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, Jefferson 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 Jefferson 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 Jefferson 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

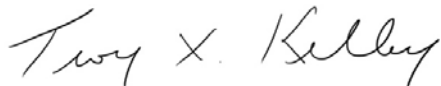
Supplementary and Other Information

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 August 26, 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.



TROY KELLEY
STATE AUDITOR

August 26, 2014

Financial Section

Jefferson 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 General	105 Auditor's O&M	106 Courthouse Facilitator
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	1,643,739	440,000	0	0
30880	Beg Fund Bal-Unreserved	20,387,331	2,086,323	180,087	15,456
38800/58800	Prior Period Adjustments, net	-66,227	10,367	0	0
Operating Revenues					
310	Taxes	17,573,452	11,617,529	0	0
320	Licenses & Permits	762,727	44,315	0	0
330	Intergovernmental Revenues	12,258,810	2,721,536	56,911	0
340	Charges for Goods and Services	10,126,664	1,676,864	27,487	6,120
350	Fines & Penalties	519,570	487,955	0	0
360	Miscellaneous Revenues	1,749,900	258,050	233	0
Total Operating Revenues:		42,991,124	16,806,248	84,631	6,120
Operating Expenditures					
510	General Government	9,901,090	7,430,444	103,033	6,308
520	Public Safety	6,847,465	6,504,101	0	0
530	Utilities	4,511,405	9,392	0	0
540	Transportation	7,659,133	0	0	0
550	Natural and Economic Environment	2,468,753	184,100	0	0
560	Social Services	4,380,534	25,784	0	0
570	Culture And Recreation	1,317,850	141,850	0	0
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:		37,086,230	14,295,671	103,033	6,308
Net Operating Increase (Decrease):		5,904,893	2,510,577	-18,402	-188
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	1,474,889	82,329	0	0
391-393	Debt Proceeds	1,589,824	0	0	0
397	Transfers-In	2,709,084	51,183	0	0
Total Nonoperating Revenues:		5,773,797	133,512		
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	1,280,506	0	0	0
591-593	Debt Service	1,114,225	0	0	0
594-595	Capital Expenditures	6,659,433	302,191	0	0
597	Transfers-Out	2,709,084	2,203,854	0	0
Total Nonoperating Expenditures:		11,763,248	2,506,045		
Increase (Decrease) in Cash and Investments		-84,558	138,045	-18,402	-188
Ending Cash and Investments					
50810	End Fund Bal-Reserved	540,669	440,000	0	0
50880	End Fund Balance-Unreserved	21,339,618	2,234,734	161,684	15,268

The accompanying notes are an integral part of this Statement.

BARS Code		107 Boating Safety	108 Cooperative Extension	113 4H After School	119 Jeffcom Bond Indebtedness
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	0	32,000	10,000	0
30880	Beg Fund Bal-Unreserved	78,974	72,684	73,498	36,210
38800/58800	Prior Period Adjustments, net	0	0	0	-22,751
Operating Revenues					
310	Taxes	0	0	0	274,817
320	Licenses & Permits	0	0	0	0
330	Intergovernmental Revenues	196,209	116,135	0	0
340	Charges for Goods and Services	0	38,801	0	0
350	Fines & Penalties	928	0	0	0
360	Miscellaneous Revenues	0	613	0	0
Total Operating Revenues:		197,136	155,549		274,817
Operating Expenditures					
510	General Government	0	0	0	0
520	Public Safety	50,086	0	0	0
530	Utilities	0	115,265	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	242,207	46,639	0
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:		50,086	357,472	46,639	
Net Operating Increase (Decrease):		147,051	-201,923	-46,639	274,817
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	0	0	0	0
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	27,500	185,300	10,000	0
Total Nonoperating Revenues:		27,500	185,300	10,000	
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	0	0	0	0
591-593	Debt Service	0	0	0	274,817
594-595	Capital Expenditures	216,399	0	0	0
597	Transfers-Out	0	0	0	0
Total Nonoperating Expenditures:		216,399			274,817
Increase (Decrease) in Cash and Investments		-41,848	-16,623	-36,639	1
Ending Cash and Investments					
50810	End Fund Bal-Reserved	0	0	0	0
50880	End Fund Balance-Unreserved	37,125	88,061	46,859	13,459

The accompanying notes are an integral part of this Statement.

BARS Code		120 Crime Victims' Services	122 E-911 JeffComm	123 Grant Management	125 Hotel / Motel
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	0	0	64,898	0
30880	Beg Fund Bal-Unreserved	60,575	11,839	0	453,706
38800/58800	Prior Period Adjustments, net	0	-11,839	-38,343	0
Operating Revenues					
310	Taxes	0	0	0	294,712
320	Licenses & Permits	0	0	0	0
330	Intergovernmental Revenues	61,307	0	121,526	0
340	Charges for Goods and Services	18,664	0	0	0
350	Fines & Penalties	0	0	0	0
360	Miscellaneous Revenues	0	0	0	541
Total Operating Revenues:		79,971		121,526	295,253
Operating Expenditures					
510	General Government	67,426	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	108,474	284,822
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:		67,426		108,474	284,822
Net Operating Increase (Decrease):		12,545	0	13,052	10,431
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	0
597	Transfers-Out	0	0	3,183	0
Total Nonoperating Expenditures:				3,183	
Increase (Decrease) in Cash and Investments		12,545	0	9,869	10,431
Ending Cash and Investments					
50810	End Fund Bal-Reserved	0	0	0	0
50880	End Fund Balance-Unreserved	73,119	0	36,423	464,136

The accompanying notes are an integral part of this Statement.

BARS Code		126 H&HS Site Abatement	127 Public Health	128 Water Quality	129 Animal Services
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	0	356,841	171,000	24,000
30880	Beg Fund Bal-Unreserved	27,350	568,444	80,042	10,665
38800/58800	Prior Period Adjustments, net	0	-6,316	4,665	0
Operating Revenues					
310	Taxes	0	43,286	0	0
320	Licenses & Permits	0	171,685	0	10
330	Intergovernmental Revenues	0	1,455,606	396,220	0
340	Charges for Goods and Services	0	1,315,087	24,328	3,053
350	Fines & Penalties	16,439	0	0	0
360	Miscellaneous Revenues	0	11,395	88,319	0
Total Operating Revenues:		16,439	2,997,060	508,867	3,063
Operating Expenditures					
510	General Government	0	0	0	0
520	Public Safety	0	0	0	0
530	Utilities	0	0	0	17,029
540	Transportation	0	0	0	0
550	Natural and Economic Environment	0	0	610,407	0
560	Social Services	0	3,792,855	0	0
570	Culture And Recreation	0	0	0	0
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:			3,792,855	610,407	17,029
Net Operating Increase (Decrease):		16,439	-795,796	-101,540	-13,966
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	0	413	0	0
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	0	664,129	38,725	0
Total Nonoperating Revenues:			664,542	38,725	
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	0
597	Transfers-Out	0	0	0	0
Total Nonoperating Expenditures:					
Increase (Decrease) in Cash and Investments		16,439	-131,254	-62,815	-13,966
Ending Cash and Investments					
50810	End Fund Bal-Reserved	0	0	0	0
50880	End Fund Balance-Unreserved	43,789	787,716	192,893	20,700

The accompanying notes are an integral part of this Statement.

BARS Code		130 Mental Health	131 Chemical Dependency	135 JC Drug Fund	136 Sheriff's Drug Investigation
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	0	0	0	0
30880	Beg Fund Bal-Unreserved	5,363	49,418	113,850	18,202
38800/58800	Prior Period Adjustments, net	0	0	0	0
Operating Revenues					
310	Taxes	43,286	404,817	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	0	14,165	0
360	Miscellaneous Revenues	16	0	124	0
Total Operating Revenues:		43,302	404,817	14,289	
Operating Expenditures					
510	General Government	0	0	0	0
520	Public Safety	0	0	22,435	11,537
530	Utilities	0	0	0	0
540	Transportation	0	0	0	0
550	Natural and Economic Environment	0	0	0	0
560	Social Services	43,715	346,931	0	0
570	Culture And Recreation	0	0	0	0
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:		43,715	346,931	22,435	11,537
Net Operating Increase (Decrease):		-413	57,886	-8,146	-11,537
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	413	0	0	0
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	0	0	0	0
Total Nonoperating Revenues:		413			
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	0
597	Transfers-Out	0	0	42,000	0
Total Nonoperating Expenditures:				42,000	
Increase (Decrease) in Cash and Investments		0	57,886	-50,146	-11,537
Ending Cash and Investments					
50810	End Fund Bal-Reserved	0	0	0	0
50880	End Fund Balance-Unreserved	5,363	107,304	63,704	6,666

The accompanying notes are an integral part of this Statement.

BARS Code		140 Law Library	141 Trial Court Improvement	142 Public Defense Funding	143 Community Development
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	0	0	0	153,000
30880	Beg Fund Bal-Unreserved	18,697	59,572	45,438	109,959
38800/58800	Prior Period Adjustments, net	0	0	0	0
Operating Revenues					
310	Taxes	0	0	0	0
320	Licenses & Permits	0	0	0	411,643
330	Intergovernmental Revenues	0	23,996	33,918	191,791
340	Charges for Goods and Services	10,517	0	0	581,186
350	Fines & Penalties	0	0	0	0
360	Miscellaneous Revenues	0	0	0	0
Total Operating Revenues:		10,517	23,996	33,918	1,184,619
Operating Expenditures					
510	General Government	0	7,114	24,882	0
520	Public Safety	0	0	0	259,307
530	Utilities	0	0	0	0
540	Transportation	0	0	0	0
550	Natural and Economic Environment	0	0	0	1,235,457
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:			7,114	24,882	1,494,764
Net Operating Increase (Decrease):		10,517	16,882	9,036	-310,145
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	0	0	0	12,607
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	0	0	0	411,400
Total Nonoperating Revenues:					424,007
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	0	0	0	0
591-593	Debt Service	0	0	0	0
594-595	Capital Expenditures	12,443	10,000	0	40,670
597	Transfers-Out	0	6,000	0	0
Total Nonoperating Expenditures:		12,443	16,000		40,670
Increase (Decrease) in Cash and Investments		-1,926	882	9,036	73,193
Ending Cash and Investments					
50810	End Fund Bal-Reserved	0	0	0	100,669
50880	End Fund Balance-Unreserved	16,771	60,454	54,474	235,482

The accompanying notes are an integral part of this Statement.

BARS Code		147 Federal Forest Title III	148 Affordable Housing	150 Treasurer's O&M	151 REET Technology
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	0	0	0	0
30880	Beg Fund Bal-Unreserved	72,689	143,878	17,443	36,622
38800/58800	Prior Period Adjustments, net	0	0	-77	0
Operating Revenues					
310	Taxes	0	0	0	0
320	Licenses & Permits	0	0	0	0
330	Intergovernmental Revenues	21,930	0	0	0
340	Charges for Goods and Services	0	243,925	42,105	0
350	Fines & Penalties	0	0	0	0
360	Miscellaneous Revenues	120	0	23	0
Total Operating Revenues:		22,050	243,925	42,128	
Operating Expenditures					
510	General Government	0	0	35,789	25,310
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	171,249	0	0
570	Culture And Recreation	0	0	0	0
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:			171,249	35,789	25,310
Net Operating Increase (Decrease):		22,050	72,676	6,339	-25,310
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	0
597	Transfers-Out	0	0	0	0
Total Nonoperating Expenditures:					
Increase (Decrease) in Cash and Investments		22,050	72,676	6,339	-25,310
Ending Cash and Investments					
50810	End Fund Bal-Reserved	0	0	0	0
50880	End Fund Balance-Unreserved	94,739	216,554	23,706	11,313

The accompanying notes are an integral part of this Statement.

BARS Code		155 Veterans' Relief	160 Water Pollution Control	174 Parks & Recreation	175 County Parks Improvement
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	0	67,000	64,000	0
30880	Beg Fund Bal-Unreserved	28,580	28,632	54,312	32,603
38800/58800	Prior Period Adjustments, net	0	0	0	0
Operating Revenues					
310	Taxes	43,819	0	0	0
320	Licenses & Permits	0	0	0	0
330	Intergovernmental Revenues	0	0	0	26,487
340	Charges for Goods and Services	0	0	338,087	0
350	Fines & Penalties	0	0	0	0
360	Miscellaneous Revenues	68	5,272	31,812	23,359
Total Operating Revenues:		43,887	5,272	369,899	49,846
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	44,741	0	0	0
560	Social Services	0	0	0	0
570	Culture And Recreation	0	0	672,295	13,446
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:		44,741		672,295	13,446
Net Operating Increase (Decrease):		-854	5,272	-302,396	36,400
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	418	0	6,425	0
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	15,000	0	402,300	0
Total Nonoperating Revenues:		15,418		408,725	
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	0	0	0	0
591-593	Debt Service	0	11,994	0	0
594-595	Capital Expenditures	0	0	0	0
597	Transfers-Out	0	0	47,047	35,000
Total Nonoperating Expenditures:			11,994	47,047	35,000
Increase (Decrease) in Cash and Investments		14,564	-6,722	59,282	1,400
Ending Cash and Investments					
50810	End Fund Bal-Reserved	0	0	0	0
50880	End Fund Balance-Unreserved	43,144	88,911	177,594	34,002

The accompanying notes are an integral part of this Statement.

BARS Code		177 Special Projects	178 Post Harvest Timber Mgmt	180 County Roads	181 Emergency Road Reserve
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	45,000	0	0	0
30880	Beg Fund Bal-Unreserved	122,191	9,755	4,333,109	77,269
38800/58800	Prior Period Adjustments, net	0	0	0	0
Operating Revenues					
310	Taxes	0	0	3,553,168	0
320	Licenses & Permits	0	0	135,075	0
330	Intergovernmental Revenues	0	0	5,923,931	0
340	Charges for Goods and Services	9,073	0	7,677	0
350	Fines & Penalties	0	0	0	0
360	Miscellaneous Revenues	0	13	5,509	104
Total Operating Revenues:		9,073	13	9,625,360	104
Operating Expenditures					
510	General Government	76,755	0	929	0
520	Public Safety	0	0	0	0
530	Utilities	0	0	0	0
540	Transportation	0	0	6,240,682	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:		76,755		6,241,612	
Net Operating Increase (Decrease):		-67,683	13	3,383,748	104
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	0	0	51,861	0
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	0	0	0	0
Total Nonoperating Revenues:				51,861	
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	0	0	0	0
591-593	Debt Service	0	0	34,737	0
594-595	Capital Expenditures	0	0	4,048,589	0
597	Transfers-Out	20,000	0	0	0
Total Nonoperating Expenditures:		20,000		4,083,326	
Increase (Decrease) in Cash and Investments		-87,683	13	-647,717	104
Ending Cash and Investments					
50810	End Fund Bal-Reserved	0	0	0	0
50880	End Fund Balance-Unreserved	79,509	9,768	3,685,393	77,373

The accompanying notes are an integral part of this Statement.

BARS Code		185 Flood/Storm Water Mgmt	186 Brinnon Flood Control	187 Quilcene Flood Control	199 County Fair
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	0	0	0	0
30880	Beg Fund Bal-Unreserved	11,607	10,458	145,558	21,993
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	33,579
340	Charges for Goods and Services	0	0	0	75,187
350	Fines & Penalties	0	0	0	0
360	Miscellaneous Revenues	0	0	0	106,474
Total Operating Revenues:					215,240
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	456	0	296	0
560	Social Services	0	0	0	0
570	Culture And Recreation	0	0	0	201,412
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:					201,412
Net Operating Increase (Decrease):		-456	0	-296	13,828
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	4,500
Total Nonoperating Revenues:					4,500
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	3,972
597	Transfers-Out	0	0	0	0
Total Nonoperating Expenditures:					3,972
Increase (Decrease) in Cash and Investments		-456	0	-296	14,356
Ending Cash and Investments					
50810	End Fund Bal-Reserved	0	0	0	0
50880	End Fund Balance-Unreserved	11,150	10,458	145,262	36,348

The accompanying notes are an integral part of this Statement.

BARS Code		202 RID Bonds	204 Debt Service	301 Construction & Renovation	302 Capital Improvement
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	0	0	0	0
30880	Beg Fund Bal-Unreserved	4,381	6,492	487,257	683,182
38800/58800	Prior Period Adjustments, net	0	-2,445	0	0
Operating Revenues					
310	Taxes	0	0	0	707,800
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	0	0	84
360	Miscellaneous Revenues	6	20	5,514	0
Total Operating Revenues:		6	20	5,514	707,884
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):		6	20	5,514	707,884
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	0	1,280,506	0	0
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	0	0	147,047	400,000
Total Nonoperating Revenues:			1,280,506	147,047	400,000
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	0	1,280,506	0	0
591-593	Debt Service	0	0	0	628,918
594-595	Capital Expenditures	0	0	141,095	0
597	Transfers-Out	0	0	0	100,000
Total Nonoperating Expenditures:			1,280,506	141,095	728,918
Increase (Decrease) in Cash and Investments		6	20	11,466	378,967
Ending Cash and Investments					
50810	End Fund Bal-Reserved	0	0	0	0
50880	End Fund Balance-Unreserved	4,388	4,067	498,723	1,062,148

The accompanying notes are an integral part of this Statement.

BARS Code		304 HJ Carroll Park	306 Public Infrastructure	308 Conservation Futures	401 Solid Waste Post Closure
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	0	0	0	0
30880	Beg Fund Bal-Unreserved	14,408	1,061,595	520,845	1,491,960
38800/58800	Prior Period Adjustments, net	0	0	0	0
Operating Revenues					
310	Taxes	0	367,367	222,851	0
320	Licenses & Permits	0	0	0	0
330	Intergovernmental Revenues	0	0	0	147,259
340	Charges for Goods and Services	0	0	0	2,162,153
350	Fines & Penalties	0	0	0	0
360	Miscellaneous Revenues	18	1,750	875	2,544
Total Operating Revenues:		18	369,116	223,726	2,311,956
Operating Expenditures					
510	General Government	0	0	0	0
520	Public Safety	0	0	0	0
530	Utilities	0	0	0	2,266,031
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:					2,266,031
Net Operating Increase (Decrease):		18	369,116	223,726	45,925
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	0	0	2,127	37,789
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	0	0	0	0
Total Nonoperating Revenues:				2,127	37,789
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	0	0	0	0
591-593	Debt Service	0	0	0	0
594-595	Capital Expenditures	5,074	449,012	134,252	32,639
597	Transfers-Out	0	160,000	0	17,000
Total Nonoperating Expenditures:		5,074	609,012	134,252	49,639
Increase (Decrease) in Cash and Investments		-5,056	-239,896	91,601	34,075
Ending Cash and Investments					
50810	End Fund Bal-Reserved	0	0	0	0
50880	End Fund Balance-Unreserved	9,353	821,700	612,446	1,526,036

The accompanying notes are an integral part of this Statement.

BARS Code		405 Tri-Area Sewer	501 Equipment Rental & Revolving	502 Risk Management Reserve	503 Unemployment Reserve
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	0	0	150,000	0
30880	Beg Fund Bal-Unreserved	1,125,171	3,763,653	35,689	374,172
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	730,470	0	0	0
340	Charges for Goods and Services	0	1,894,129	32,616	0
350	Fines & Penalties	0	0	0	0
360	Miscellaneous Revenues	1,227	358	0	125,720
Total Operating Revenues:		731,697	1,894,487	32,616	125,720
Operating Expenditures					
510	General Government	0	0	33,382	38,842
520	Public Safety	0	0	0	0
530	Utilities	2,103,689	0	0	0
540	Transportation	0	1,418,450	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:		2,103,689	1,418,450	33,382	38,842
Net Operating Increase (Decrease):		-1,371,992	476,037	-766	86,878
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	0	0	0	0
391-393	Debt Proceeds	1,589,824	0	0	0
397	Transfers-In	160,000	82,000	35,000	0
Total Nonoperating Revenues:		1,749,824	82,000	35,000	
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	0	0	0	0
591-593	Debt Service	163,760	0	0	0
594-595	Capital Expenditures	666,862	302,378	0	0
597	Transfers-Out	0	0	0	75,000
Total Nonoperating Expenditures:		830,622	302,378		75,000
Increase (Decrease) in Cash and Investments		-452,790	255,659	34,234	11,878
Ending Cash and Investments					
50810	End Fund Bal-Reserved	0	0	0	0
50880	End Fund Balance-Unreserved	672,383	4,019,311	219,922	386,051

The accompanying notes are an integral part of this Statement.

BARS Code		504 Industrial Insurance Reserve	505 Employee Benefit Reserve	506 Information Services	507 Facilities Management
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	0	0	0	66,000
30880	Beg Fund Bal-Unreserved	14,097	242,607	937,185	301,586
38800/58800	Prior Period Adjustments, net	0	0	0	513
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	1,619,608	0
350	Fines & Penalties	0	0	0	0
360	Miscellaneous Revenues	0	72,091	5,570	1,002,161
Total Operating Revenues:			72,091	1,625,178	1,002,161
Operating Expenditures					
510	General Government	21,356	70,738	1,069,338	889,447
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:		21,356	70,738	1,069,338	889,447
Net Operating Increase (Decrease):		-21,356	1,353	555,840	112,714
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	0	0	0	0
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	12,000	63,000	0	0
Total Nonoperating Revenues:		12,000	63,000		
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	293,857	0
597	Transfers-Out	0	0	0	0
Total Nonoperating Expenditures:				293,857	
Increase (Decrease) in Cash and Investments		-9,356	64,353	261,983	112,714
Ending Cash and Investments					
50810	End Fund Bal-Reserved	0	0	0	0
50880	End Fund Balance-Unreserved	4,741	306,960	1,199,168	480,813

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	602 Road Improvement Guaranty	606 Drainfield Trust	610 Dispute Resolution Center
308	Beginning Cash and Investments	379,678	5,000	121,588	436
388 and 588	Prior Period Adjustments, net	0	0	0	0
310-360	Revenues	1,180,616	0	197	6,459
380-390	Other Increases and Financing Sources	434,082	0	0	0
510-570	Expenditures	59,854	0	0	0
580-590	Other Decreases and Financing Uses	1,166,306	0	3,886	6,365
Increase (Decrease) in Cash and Investments		388,538	0	-3,689	94
508	Ending Cash and Investments	768,216	5,000	117,899	530

BARS Code		625 Inmate Commissary Trust	626 Superior Court Trust	628 Sec 125 Administration	629 Animal Svc Donation Trust
308	Beginning Cash and Investments	38,447	0	6,533	147
388 and 588	Prior Period Adjustments, net	0	0	0	0
310-360	Revenues	21,614	0	0	0
380-390	Other Increases and Financing Sources	0	218,064	0	0
510-570	Expenditures	15,971	0	1,295	0
580-590	Other Decreases and Financing Uses	0	0	0	0
Increase (Decrease) in Cash and Investments		5,643	218,064	-1,295	0
508	Ending Cash and Investments	44,089	218,064	5,238	147

BARS Code		630 Animal Svc O&M Donation Trust	634 County Timber Tax	638 Treasurer's Suspense	641 JC Community Network
308	Beginning Cash and Investments	507	171,149	26,773	9,098
388 and 588	Prior Period Adjustments, net	0	0	0	0
310-360	Revenues	0	1,101,968	0	50,379
380-390	Other Increases and Financing Sources	0	0	215,058	960
510-570	Expenditures	0	0	0	42,588
580-590	Other Decreases and Financing Uses	0	1,121,337	34,718	0
Increase (Decrease) in Cash and Investments		0	-19,369	180,340	8,751
508	Ending Cash and Investments	507	151,780	207,112	17,850

The accompanying notes are an integral part of this Statement.

JEFFERSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JANUARY 1, 2013 THROUGH DECEMBER 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Jefferson 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 (OCBOC) that is prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW.

Jefferson County was incorporated on December 22, 1852, and operates under the laws of the state of Washington applicable to a county with a Commissioner form of government. Jefferson County is a general purpose government and provides public safety, planning and zoning, road improvement, parks and recreation, judicial administration, health and social services, and general administrative services. Jefferson 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 fund types used by Jefferson County.

GOVERNMENTAL FUND TYPES

General (Current Expense) Fund

This fund is the primary operating fund of the county. It accounts for 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 Project Funds

These funds account for financial resources which are restricted, committed, or assigned for the acquisition or construction of general 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.

Private-Purpose Trust Funds

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

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.

In accordance with state law the county also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

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 for the general, special revenue, capital projects and proprietary 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:			
Assessor	1,015,778	951,096	64,683
Auditor	474,403	473,645	758
Elections	243,333	238,759	4,574
Clerk	386,975	370,873	16,102
County Administrator	315,921	303,768	12,153
Commissioners	409,703	403,829	5,874
Board of Equalization	7,360	6,315	1,045
Civil Service Commission	2,057	1,540	517
Planning Commission	33,824	23,063	10,761
Public Safety	165,551	143,031	22,520
Community Services	146,350	146,350	0
District Court	703,917	695,623	8,294
Juvenile Services	910,509	863,227	47,282
Prosecutor	918,993	906,899	12,094
Coroner	32,850	25,784	7,066
Sheriff	5,476,258	5,474,403	1,855
Superior Court	341,678	303,862	37,816
Treasurer	366,078	366,053	25
Operating Transfers	2,191,854	2,191,854	0
Non Departmental	3,068,018	2,886,743	181,275
Total General Fund	17,211,410	16,776,716	434,694
Auditor's O&M	145,706	103,033	42,673

Courthouse Facilitator	10,190	6,308	3,882
Boating Safety	305,394	266,484	38,909
Cooperative Extension	410,391	357,472	52,919
4H After School	65,371	46,639	18,732
Economic Development	25,000	25,000	0
JeffCom Capital	350,000	274,817	75,184
Crime Victims	72,530	67,426	5,104
Grants Management	150,000	111,657	38,343
Hotel/Motel	287,400	284,822	2,578
H&HS Site Abatement	15,350	0	15,350
Public Health	3,949,106	3,789,416	159,690
Water Quality	1,034,799	610,407	424,392
Animal Services	22,789	17,029	5,760
Mental Health	44,250	43,715	535
Chemical Depnd/Mental	349,262	346,931	2,331
JC Drug	67,400	64,435	2,965
Sheriff Drug Invest	15,000	11,537	3,463
Law Library	12,720	12,443	277
Trial Court Improvement	46,846	23,114	23,732
Public Defense	35,000	24,882	10,118
Community Development	1,595,320	1,535,434	59,887
Federal Forest Title III	19,000	0	19,000
JC Affordable Housing	196,000	171,249	24,751
Treasurer O&M	46,263	35,789	10,474
REET Technology	35,250	25,310	9,940
Veteran's Relief	59,950	44,741	15,209
Water Pollution Control	11,995	11,994	1
Park & Rec.	752,244	719,342	32,902
Parks Improvement	84,547	48,446	36,101
PW Special Projects	99,434	96,755	2,679
Post Harvest Timber	3,939	0	3,939
Roads	13,435,532	10,324,937	3,110,595
Facilities	1,078,564	889,447	189,117
Flood/Stormwater	4,715	456	4,259
Brinnon Flood Control	3,714	0	3,714
Quilcene Flood Control	21,439	296	21,143
Construction & Renov	769,000	141,095	627,905
Co Capital Improvement	729,918	728,918	1,001
HJ Carroll Park	10,553	5,074	5,479
Public Infrastructure	1,030,000	609,012	420,988
Conservation Futures	357,918	134,252	223,666

Solid Waste	2,522,336	2,139,373	382,963
Solid Waste Closure	6,000	6,000	0
SW Equipment Reserve	203,163	168,000	35,163
Yard Waste Education	6,000	2,344	3,657
Tri Area Sewer	3,098,119	2,934,310	163,809
ER&R	2,431,452	1,720,829	710,623
Risk Management	100,000	33,382	66,618
Unemployment Reserve	225,000	113,842	111,158
Industrial Insurance	28,000	21,356	6,644
Employee Benefit Res	162,625	70,738	91,887
Information Services	1,585,023	1,363,195	221,828
Total Other Funds	38,127,517	30,583,483	7,544,037

The Auditor is authorized to transfer budgeted amounts between departments within any/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 Jefferson County Commissioners.

d. Cash

It is Jefferson 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 prorated to the various funds.

e. Deposits

Jefferson County's deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation (FDIC), and/or the Washington Public Deposit Protection Commission (WPDPC).

f. Investments See Note 2, Investments.

g. Capital Assets

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

h. Compensated Absences

Vacation leave may be accumulated up to 10 days and is payable upon separation or retirement. Non-represented employees have Paid Time Off (PTO) in lieu of vacation and sick. Year-end carryover of PTO can be 30-60 days depending on length of service.

Sick leave may accumulate up to 1,920 hours. Upon retirement employees receive payment of 25% for unused sick leave.

i. Long-Term Debt See Note 4, Debt Service Requirements.

j. Other Financing Sources Or Uses

The county's General Fund "Other Financing Sources" consist of \$85,279 received for Timber Sales DNR, and a \$6,000 transfer from the Trial Court Improvement Fund.

The county's "Other Financing Uses" consists of \$2,203,854 in operating transfers made from the General Fund to other funds within Jefferson County. A summary is as follows:

<u>Receiving Fund</u>	<u>Amount</u>
Cooperative Extension	\$185,300
Public Health	647,129
Parks & Rec	367,300
Water Quality	38,725
Veteran's Services	15,000
Community Development	411,400
Boating Safety	7,500
JC Fair	4,500
4H After School	10,000
Capital Improvement	400,000
ER&R	82,000
Risk Management	35,000

k. Risk Management

Jefferson County is a member of the Washington Counties Risk Pool ("Pool"). Other Washington counties that are Pool members include: Adams, Benton, Chelan and Clallam, Clark, Columbia, Cowlitz and Douglas, Franklin, Garfield, Grays Harbor and Island, Kittitas, Lewis and Mason, Okanogan, Pacific, Pend Oreille and San Juan, Skagit, Skamania, Spokane and Thurston, Walla Walla, Whatcom and Yakima Counties. Kitsap, Klickitat and Whitman Counties are former Pool members, having voluntarily terminated their memberships beginning October 1st of 2010, 2002 and 2003 respectively.

Background: The Pool was formed August 18, 1988 after an Interlocal (Cooperative) Agreement under Chapter 39.34 RCW was approved by several Washington counties. The agreement and cooperative created a mechanism to provide member counties with "joint" programs and services including self-insurance, purchasing of insurance, and contracting for or hiring of personnel to provide administrative services, claims handling,

and risk management. Washington's pools operate under the state's "pooling" laws and regulations, more specifically, RCW 48.62 RCW and WAC 200.100. They must be first approved and then are overseen by the State Risk Manager, and they are subject to annual fiscal audits performed and issued by the State Auditor's Office.

Noteworthy is the definition of "insurer" within RCW 48.01.050 for application of the Washington Insurance Code, which reflects the following:

Two or more local government entities, under any provision of law, that join together and organize to form an organization for the purpose of jointly self-insuring or self-funding are not an "insurer" under this code.

Thus, under Washington law the Pool is not an insurance company, and therefore, not subject to the rules governing insurance policy interpretation.

The Pool's mission is: To provide comprehensive and economical risk coverage; to reduce the frequency and severity of losses; and to decrease costs incurred in the managing and litigation of claims. Its core values include: being committed to learn, understand and respond to the member counties' insurance needs; being committed to establish working relationships with all members that identify business issues and jointly develop solutions; member counties commit to allocate necessary resources to risk management in their own operations. The Pool's board of directors and professional staff share a commitment to manage the organization based on sound business principles, benchmarked industry standards and measurable outcomes, and being committed to continuous planning and innovation in product development and service delivery.

A Membership Compact was added as an addendum to the Interlocal Agreement in 2000. It constitutes a commitment to strengthen the Pool by helping member counties implement and/or enhance their local risk management efforts to reduce losses and support the best management of the Pool and its resources. It obligates member counties to support these goals through three major elements – membership involvement, risk control practices, and a targeted risk management program(s).

New members may be asked to pay modest fees to cover any costs to analyze the member's loss data and risk profile, but they are normally only required to contribute their proportional shares on their entry year's insuring assessments. Members contract initially under the Interlocal Agreement to remain in the Pool for at least five years. Following the initial term, a county may terminate its membership at the conclusion of any Pool fiscal year, provided the county timely files its required advance written notice; otherwise, the Interlocal Agreement and memberships automatically renew for another year. Even after termination, former members remain responsible for reassessments by the Pool for the members' proportional shares of any unresolved, unreported, and in-process claims for the periods that the former members were signatories to the Interlocal Agreement.

Joint Self-Insurance Liability Program ("JSILP"): The Pool, which recently celebrated its Silver Anniversary, has been providing its membership with occurrence-based, jointly purchased and/or jointly self-insured 3rd-party liability coverage since October 1, 1988 for bodily injury, personal injury, property damage, errors and omissions, and advertising injury caused by an occurrence during the policy period and occurring anywhere in the world. Total coverage limits have grown from the \$1 million limit that existed during the Pool's initial two insuring months to \$5 million, then to \$10 million and onto \$15 million before reaching the \$20 million occurrence limit that has existed since October 1, 2003. (Note: Additional occurrence limits of \$5 million have been available for many years for member

counties to choose as an individual county-by-county option.) There are no aggregate limits to the payments the WCRP makes for any one member county or all member counties combined.

The initial \$10 million in coverage is jointly self-insured. The remaining JSILP coverage, up to \$15 million, is acquired as “following form” excess insurance from higher rated commercial carriers. Member counties annually select a deductible amount applicable to each occurrence from these options: \$10,000, \$25,000, \$50,000, \$100,000, \$250,000 or \$500,000.

Reinsurance is acquired from higher rated carriers as well to protect the Pool directly and its member counties indirectly from larger-valued losses. The reinsuring program is written with a self-insured retention (“SIR”) equal to the greater of the applicable member’s deductible or \$100,000. The reinsuring agreements also include first and second layer corridor elements – to \$1 million and from \$1 to \$2 million – with cumulative (WCRP) retentions of \$2.95 and \$0.65 million and annual aggregate limits of \$40 and \$20 million respectively.

616 third-party liability claims (and lawsuits) were reported to the Pool by its member counties during Py2013, and added to the Pool’s administrative database. This represented a 3% reduction in year-over-year filings and a continuation of recent years’ decline in annual filings. The new filings raised the to-date total (Oct 1988 – Sep 2013) to 19,232. Total incurred losses (payments made plus reserve estimates for *open* claims) increased \$8.1 million during Py2013 to \$250.9 million. The annual amount is 50% more than the corresponding Py2012 amount of \$5.4M, but it represents just 51% of the Py2011 increase of \$16.0M, 46% of the \$17.8M in Py2010, and only 39% of the \$20.8M annual average for Py2007 through Py2009. Only 327 claims remained classified as ‘*open*’ at year-end. With 307 additional claims projected by the actuary from all years as incurred but not yet reported (“IBNR”), the Pool’s estimated ultimate claims totaled 19,539 as of September 30, 2013.

The independent actuary’s projection of total reserves for claims that are expected to be the Pool’s responsibility decreased slightly (-1%) from Py2012 to \$14.6 million. This amount includes \$3.4 million (-21% from Py2012) for losses within the Pool’s self-insured retention, \$10.0 million (+7%) for losses subject to the “corridor” programs with the Pool’s reinsurers, \$0.2 million for losses within the Py2013 quota-shared (10%) upper reinsured layer, and \$1.0 million (+3%) for estimated unallocated loss adjustment expenses. *NOTE: The corridor programs involving the WCRP’s first (and now second) layer reinsurers began seven years ago. These programs included an occurrence coverage maximum of \$0.5 million during the first three years, \$1.0 million during the next three years, and of both \$1.0 million and \$2.0 million beginning with Py2013. Occurrence coverage minimums have remained since the corridor program began the greater of the applicable member deductible or \$100,000.*

Washington Counties Property Program (“WCPP”): Beginning with Py2006 (October 1, 2005), WCRP added property insurance as a county-by-county option that is jointly-purchased from a consortium of higher rated commercial carriers. Since the initial offering, both participation and the total values of covered properties have nearly doubled. Twenty six WCRP counties with covered properties totaling over \$2.7 billion participated in the optional insuring program during Py2013.

The WCPP includes All Other Peril coverage limits of \$500 million per occurrence for losses to buildings and contents, vehicles, mobile/contractors equipment, EDP and communication equipment, etc., as well as Flood and Earthquake (catastrophe) coverages with separate occurrence limits, each being \$200 million. All Other Perils coverage limits apply to any occurrence, even those affecting more than one participating county, and there are no annual (AOP) aggregate limitations. Flood and Earthquake coverages each include annual aggregate

limits of \$200 million. The WCPP coverage also includes sublimited items, e.g. Equipment Breakdown / Boiler & Machinery (\$100 million), Special Flood Hazard Areas (\$25 million). And there are endorsements for Green Construction Upgrades, Reproduction Coverage for Historic Structures, and Terrorism (\$20 million).

AOP occurrence deductibles, which the participating counties select annually and which the counties are solely responsible for paying, range between \$5,000 and \$50,000. Higher deductibles are applicable to losses resulting from catastrophe relevant losses.

There were 15 claims filed during Py2013 by participating counties with loss estimates totaling \$2.6 million and losses paid by fiscal year-end of \$1.5 million. During its initial eight years as a WCRP optional insuring program, there have been 103 WCPP claims filed with to-date incurred losses totaling \$15.5 million and losses paid through fiscal 2013 of \$8.9 million. Considering the fact that to-date WCPP premiums have totaled \$22.2 million, the WCPP's cumulative loss ratio is below 0.7.

Other Insurances: Several member counties also use the Pool's contracted producer (broker) to secure other (specialty) insurances. Examples include public officials bonds and crime (and fidelity), cyber risks/security, special events/concessionaires, underground storage tank and other environmental hazards insurance coverages.

Governance / Oversight: The Pool is governed by a board of directors consisting of one director (and at least one alternate director) appointed by each member county. The Board, which is made up of both elected and appointed county officials, meets three times each year with the summer meeting being the Pool's Annual Meeting. The board of directors is responsible for a) determining the extent of the 3rd-party self-insured liability coverage to be offered (approving the insuring document or coverage form), b) selecting the reinsurance program(s) to acquire and the excess insurance(s) to be jointly purchased or offered for optional purchase by the member counties, c) approving the Pool's annual operating budget(s) and work program(s), and d) approving the members' deposit assessment and reassessment formulas for the policy year ensuing and for any deficient prior period(s).

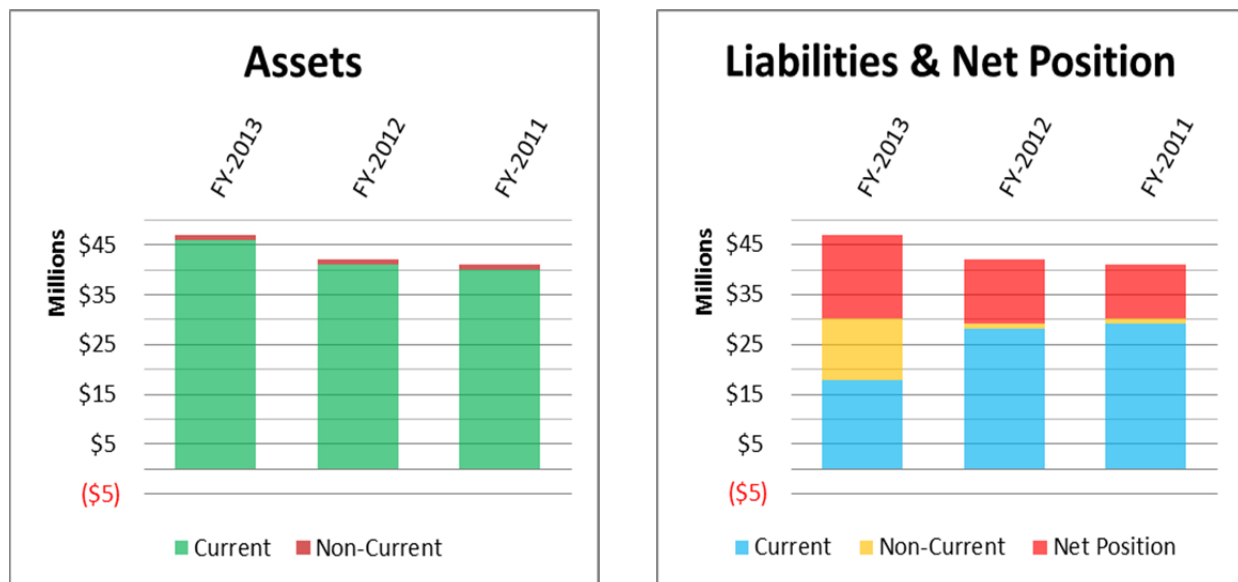
Regular oversight of the Pool's operations is provided by an 11-person executive committee selected from and by the WCRP Board. Committee members are elected to staggered, 3-year terms. The Committee meets several times throughout each policy year to: a) approve all WCRP disbursements and review the Pool's financial health; b) approve case settlements exceeding the applicable member's deductible by at least \$50,000; c) review all claims with incurred loss estimates exceeding \$100,000; and d) evaluate the Pool's operations and program deliverables as well as the Executive Director's performance. Committee members are expected to participate in the Board's standing committees (finance, personnel, risk management, and underwriting) for development or review/revision of the organization's policies and coverage documents.

Staffing and Support Teams: The Pool's multi-person claims staff with years of combined experience handles or oversees the handling of the several hundred liability cases each year filed upon and submitted by the Pool's member counties. This includes establishing reserves for covered events and estimating undiscounted future cash payments for losses and their related claims adjustment expenses. Other WCRP staffers provide various member services, e.g. conducting member and potential member risk assessments and compliance audits, coordinating numerous Pool-sponsored trainings, researching other coverages, and marketing the Pool and its risk management services. Some address and support the organization's administrative needs.

Professionals from some of the more respected organizations worldwide are regularly called upon to address various needs of the Pool. More specifically, independent actuarial services are furnished by PricewaterhouseCoopers, LLP. Independent claims auditing is performed by Startegic Claims Direction LLC, and special claims audits are occasionally performed by the Pool's commercial reinsurers/insurers. Insurance producer (broker) and advanced loss control and prevention services are provided by Arthur J. Gallagher Risk Management Services, Inc.. Coverage counsel is furnished by J. William Ashbaugh of Hackett Beecher & Hart. These professionals are in addition to the many contracted and in-county attorneys assigned to defend the numerous Pool-covered cases, as well as the examinations by and services from both the State Risk Manager and State Auditor's Offices.

Financial Summary: During fiscal 2013, Pool assets grew 11% (+\$4.8 million) and liabilities by 3% (+\$1.0 million). Its net (financial) position, which is commonly referred to as "net assets" and sometimes as "owners' equity", improved 30% (+\$3.9 million) during the Pool's Silver Anniversary year to \$16.7 million as of September 30, 2013. Much of the net position is 'restricted' (\$12.5 million) to address the Board of Directors' recently revised requirements in section D of its Underwriting Policy. *NOTE: This policy revision resulted in the Pool's own restriction increasing \$7.5 million (+187%) and the unrestricted declining \$3.8 million (-53%). The (State Risk Manager's) solvency provisions in WAC 200.100.03001(3) required \$0.9 million for satisfaction, a year-over-year increase of \$0.1 million (+15%).* Another \$0.9 million is invested in capital assets (net of debt). The remaining \$3.3 million is unrestricted.

\$3.75 million in operating income was experienced during Py2013, an increase of 111% from Py2012. Operating revenues were 'flat', but expenses declined nearly \$2.0 million (-15%). This reduction was in part due to even more favorable adjustments by the independent actuary, PricewaterhouseCoopers LLP ("PwC"), to the Pool's claims-related reserves, and to the reduction (-26%) in the premiums to acquire the reinsurance, excess insurance and property insurance policies requested by the Board.



Contingent Liability: The Pool is a cooperative program with joint liability amongst its participating members. Contingent liabilities occur when assets are not sufficient to cover liabilities. Deficits of the Pool resulting from any fiscal year are financed by reassessments (aka retroactive assessments) placed upon the deficient year's membership

in proportion with the deposit assessments initially levied and collected. The Pool's reassessments receivable balance at December 31, 2013 was ZERO (\$0) as there were no known contingent liabilities at that time.

1. Reserved Fund Balances

The 2013 Annual Report shows a \$440,000 reserve for the General Fund with Fund 143 (Department of Community Development) having \$100,669 held in reserve to cover customer deposits for the CASP (Critical Area Stewardship Program) Applications.

The Board of County Commissioners has set Recommended Fund Balances by resolutions at 10% of spending in the General Fund, and various amounts for certain other funds (see Resolution No. 65-13).

NOTE 2 – INVESTMENTS

Jefferson County's investments are insured, registered or held by the county or its agent in the county's name.

Investments are presented at cost.

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

<u>Type of Investment</u>	<u>Jefferson County's</u>	<u>Investments held by Jefferson County as an Agent for other local governments, individuals or private organizations</u>	<u>Total</u>
L.G.I.P.	\$ 11,213,720	\$ 30,159,737	\$ 41,373,457
Certificate of Deposits (13)	\$ 13,250,000	\$ 1,636,094	\$ 14,886,094
Savings Account	\$ -0-	\$ -0-	-0-
U.S. Agency Securities	\$ 2,000,000	\$ -0-	\$ 2,000,000
TOTAL	\$ 26,463,720	\$ 31,795,831	\$ 58,259,551

NOTE 3 – PROPERTY TAX

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 taxes are levied.

The county's regular levy for the year 2013 was 1.56604 per \$1,000 on an assessed valuation of \$4,648,734,415 for a total regular levy of \$7,280,104.

The county's road levy for the year 2013 was 1.27999 per \$1,000 on an assessed valuation of \$3,179,598,235 for a total road levy of \$4,069,854.

Of the \$4,069,854 road levy, the county diverted \$717,848 to the General Fund for Sheriff Traffic Deputy's cost per RCW 84.52.043 (1) (d).

NOTE 4 – DEBT SERVICE REQUIREMENTS

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of Jefferson County and summarizes the county's debt transactions for the year ended December 31, 2013.

The debt service requirements for general obligation bonds, revenue bonds, and other debt, including both principle and interest, are as follows:

Year	General Obligation Bonds	Revenue Bonds	Other Debt	Total Debt
2013	811,494	-0-	302,732	1,114,226
2014	813,549	-0-	301,679	1,115,228
2015	808,720	-0-	290,515	1,099,235
2016	811,060	-0-	289,462	1,100,522
2017	812,760	-0-	288,410	1,101,170
2018	819,815	-0-	287,357	1,107,172
2019-2023	2,164,015	-0-	821,786	2,985,801
2024-2028	1,955,440	-0-	-0-	1,955,440
2029-2030	560,775	-0-	-0-	560,775
Compensated Absences			880,297	880,297
TOTALS	\$9,557,628	-0-	\$3,462,235	\$13,019,863

NOTE 5 – PENSION PLANS

Substantially all Jefferson County's full-time and qualifying part-time employees participate in the Public Employees Retirement System (PERS), Law Enforcement Officers' and Firefighters' Retirement System (LEOFF), or Public Employees Retirement System (PSERS) 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 system 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
PO Box 48380
Olympia, WA 98504-8380

NOTE 6 – OTHER DISCLOSURES

Reconciliation of Statement C-4/C-5 to GASB 54

Our Annual Report was prepared in compliance with GASB 54, reclassifying Special Revenue and Other Funds as applicable. We have done this wherever applicable:

- General Fund:

1. Fund 114, Economic Development, a fund created for managerial purposes, has been rolled up to the General Fund.

- Proprietary Funds:

1. Fund 402 - Solid Waste Post Closure, a fund created for managerial purposes;
2. Fund 403 - Solid Waste Equipment Reserve, a fund created for managerial purposes, and
3. Fund 404 - Yard Waste Education, a fund created for managerial purposes, have been rolled up to its Proprietary Function, Enterprise Fund 401 – Solid Waste.

Internal Service Fund

Fund 183 Facilities is being reported as Fund 507.

Fund 640 County Fair is being reported as Fund 199.

Other Public Employee Benefits

The County has a commitment to pay for post employment benefits for employees that belong to LEOFF I. These benefits include medical, dental, vision, Social Security Part B, nursing care, etc. 6 retirees received benefits during the year, and \$61,981 was paid out for those benefits during the year.

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							
	263.81	PW TRUST FUND LOAN	7/1/2020	210,528		26,316	184,212
	259.11	COMPENSATED ABSENCES		980,589		100,292	880,297
	263.61	CASTLE HILL PROPERTY	12/1/2021	1,769,111		153,259	1,615,852
	263.81	WATER LOAN L0700001	10/31/2014	19,898		9,884	10,014
	263.81	WATER LOAN L0700030	12/31/2018	10,763		1,728	9,035
	251.11	LTGO 2007-JeffCom	12/1/2026	1,950,000		105,000	1,845,000
	251.11	LTGO BOND 2011 Tri Area	12/1/2030	2,055,000		85,000	1,970,000
	251.11	LTGO BOND 2011-JeffCom	12/1/2030	905,000			905,000
	251.11	LTGO BOND 2011-JeffCom RMS	12/1/2018	275,000		45,000	230,000
	251.11	LTGO REFG 2011-DPW	12/1/2018	2,005,000		320,000	1,685,000
	263.81	PW TRUST FUND LOAN	6/1/2046	0	1,589,824	0	1,589,824
Total General Obligations:				10,180,889	1,589,824	846,479	10,924,234
Total Liabilities:				10,180,889	1,589,824	846,479	10,924,234

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/Dept of Health	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	C16887	87,535		87,535	3
Food And Nutrition Service, Department Of Agriculture/Dept of Health	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	C16887	3,846		3,846	3
Total CFDA 10.557				91,381	0	91,381	
Food And Nutrition Service, Department Of Agriculture/Dept of Health	WIC Farmers' Market Nutrition Program (FMNP)	10.572	C16887	135		135	
Forest Service, Department Of Agriculture/Forest Service Olympic National Forest	Schools and Roads - Grants to States	10.665	10-CS-11060900-023	16,909		16,909	
Forest Service, Department Of Agriculture/Schools & Roads - Grants to States	Schools and Roads - Grants to States	10.665	N/A	466,010		466,010	
Total CFDA 10.665				482,919	0	482,919	
National Oceanic And Atmospheric Administration (noaa), Department Of Commerce/Northwest Straits Foundation	Habitat Conservation	11.463	0309.12.033603	4,482		4,482	
Office Of Community Planning And Development, Department Of Housing And Urban Development/Wa Sate Dept of Commerce	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	13-65400-007	68,398		68,398	4

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

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	
Office Of Community Planning And Development, Department Of Housing And Urban Development/Wa State Dept of Commerce	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	12-65400-004	56,592		56,592	4
Total CFDA 14.228				124,989	0	124,989	
Office Of Juvenile Justice And Delinquency Prevention, Department Of Justice/Office of Justice & Delinquency Prevention	Juvenile Accountability Block Grants	16.523	1363-88072	7,669		7,669	
Violence Against Women Office, Department Of Justice/Wa State Dept of Commerce	Violence Against Women Formula Grants	16.588	F11-31103.508	15,728		15,728	
Bureau Of Justice Assistance, Department Of Justice	Bulletproof Vest Partnership Program	16.607	N/A		11,232	11,232	6
Department Of Justice/ARRA Edward Byrne Memorial Justice Asst	Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants To Units Of Local Government	16.804	2009-SB-B9-1457	4,766		4,766	5
Federal Highway Administration (fhwa), Department Of Transportation	Highway Planning and Construction	20.205	WA PFH 43(1)		72,593	72,593	
Federal Highway Administration (fhwa), Department Of Transportation	Highway Planning and Construction	20.205	WA PFH 206(1)		119,106	119,106	
Federal Highway Administration (fhwa), Department Of Transportation/FWHA	Highway Planning and Construction	20.205	LA6569	519,951		519,951	
Federal Highway Administration (fhwa), Department Of Transportation/FWHA	Highway Planning and Construction	20.205	LA6891	18,252		18,252	

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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/FWHA	Highway Planning and Construction	20.205	LA7177	7,272		7,272	
Federal Highway Administration (fhwa), Department Of Transportation/FWHA	Highway Planning and Construction	20.205	LA6612	80,596		80,596	
Federal Highway Administration (fhwa), Department Of Transportation/FWHA	Highway Planning and Construction	20.205	LA7412	598,045		598,045	
Federal Highway Administration (fhwa), Department Of Transportation/FWHA	Highway Planning and Construction	20.205	LA7591	272,040		272,040	
Federal Highway Administration (fhwa), Department Of Transportation/FWHA	Highway Planning and Construction	20.205	LA8048	1,170		1,170	
Federal Highway Administration (fhwa), Department Of Transportation/FWHA	Highway Planning and Construction	20.205	LA7393	2,300,498		2,300,498	
Total CFDA 20.205				3,797,824	191,699	3,989,523	
National Highway Traffic Safety Administration (nhtsa), Department Of Transportation/Washington Traffic Safety Commission	State and Community Highway Safety	20.600	N/A	2,356		2,356	
EPA	Puget Sound Watershed Assist	66.120	PO-00J08601-1		231,783	231,783	
EPA	Clean Water Dist (EPA)	66.120	PO-00J10001-1		181,761	181,761	3
EPA/Ciallam County	EPA/Ciallam No Net Loss	66.120	PO-00J08801	6,892		6,892	
Total CFDA 66.120				6,892	413,544	420,436	

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

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	
Region 10, Environmental Protection Agency/Puget Sound Partnership	Puget Sound Action Agenda Outreach, Education and Stewardship Support Program	66.122	N/A	4,453		4,453	
Region 10, Environmental Protection Agency/Dept of Health	Puget Sound Action Agenda: Technical Investigations and Implementation Assistance Program	66.123	C16887	7,753		7,753	3
Region 10, Environmental Protection Agency/Dept of Health	Puget Sound Action Agenda: Technical Investigations and Implementation Assistance Program	66.123	C16887	467		467	3
Region 10, Environmental Protection Agency/Dept of Health	Puget Sound Action Agenda: Technical Investigations and Implementation Assistance Program	66.123	C16887	53,718		53,718	3
Region 10, Environmental Protection Agency/Dept of Health	Puget Sound Action Agenda: Technical Investigations and Implementation Assistance Program	66.123	C16887	8,859		8,859	3
Region 10, Environmental Protection Agency/Dept of Health	Puget Sound Action Agenda: Technical Investigations and Implementation Assistance Program	66.123	C16887	998		998	3
Region 10, Environmental Protection Agency/Hood Canal Coordinating Council	Puget Sound Action Agenda: Technical Investigations and Implementation Assistance Program	66.123	N/A	15,215		15,215	

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

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	
Region 10, Environmental Protection Agency/Northwest Straits Foundation	Puget Sound Action Agenda: Technical Investigations and Implementation Assistance Program	66.123	12 1940	825		825	
Region 10, Environmental Protection Agency	Puget Sound Action Agenda: Technical Investigations and Implementation Assistance Program	66.123	N19755		12,254	12,254	
Total CFDA 66.123				87,835	12,254	100,089	
Office Of The Chief Financial Officer, Environmental Protection Agency	Congressionally Mandated Projects	66.202	XP-00J52101		848,070	848,070	
Office Of Water, Environmental Protection Agency/Wa St Dept of Ecology	National Estuary Program	66.456	G1200420	41,721		41,721	
EPA/Wa St Dept of Ecology	EPA - Marine Resource Committee Operations	66.456&11.419	G 1400326	6,241		6,241	
Centers For Disease Control And Prevention, Department Of Health And Human Services/Dept of Health	Public Health Emergency Preparedness	93.069	C16887	37,024		37,024 3	
Office Of Population Affairs, Department Of Health And Human Services/Dept of Health	Family Planning_Services	93.217	C16887	26,170		26,170 3	
Centers For Disease Control And Prevention, Department Of Health And Human Services/Dept of Health	Immunization Cooperative Agreements	93.268	C16887	8,556		8,556 3	
Centers For Disease Control And Prevention, Department Of Health And Human Services	Immunization Cooperative Agreements	93.268	N/A		18,079	18,079 2	
Total CFDA 93.268				8,556	18,079	26,635	

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

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/Dept of Health	Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283	PREV2673	4,012		4,012	
Centers For Disease Control And Prevention, Department Of Health And Human Services/Dept of Health	Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283	PREV3163	5,101		5,101	
Total CFDA 93.283				9,113	0	9,113	
Centers For Medicare And Medicaid Services, Department Of Health And Human Services/Choice Reg Health Network	State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	93.525	HBE-075-05	2,000		2,000	
Centers For Disease Control And Prevention, Department Of Health And Human Services/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	C16887	11,985		11,985	3

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/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	C16887	2,598		2,598 3	
Centers For Disease Control And Prevention, Department Of Health And Human Services/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	C16887	1,200		1,200 3	
Total CFDA 93.539				15,783	0	15,783	
Centers For Disease Control And Prevention, Department Of Health And Human Services/Dept of Health	PPHF2013: State Nutrition, Physical Activity, and Obesity Programs - financed in part by 2013 PPHF	93.548	N/A	6,043		6,043 3	
Administration For Children And Families, Department Of Health And Human Services/Administration for Children & Families	Child Support Enforcement	93.563	2110-80384	29,871		29,871	

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

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/Dept of Health	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	C16887	159		159 3	
Centers For Medicare And Medicaid Services, Department Of Health And Human Services/DSHS	Children's Health Insurance Program	93.767	1363-72917	3,440		3,440	
Substance Abuse And Mental Health Services Administration, Department Of Health And Human Services/DSHS	Block Grants for Prevention and Treatment of Substance Abuse	93.959	1163-27310	35,644		35,644	
Centers For Disease Control And Prevention, Department Of Health And Human Services/Dept of Health	Preventive Health and Health Services Block Grant	93.991	N/A	5,000		5,000 3	
Centers For Disease Control And Prevention, Department Of Health And Human Services/Dept of Health	Preventive Health and Health Services Block Grant	93.991	N/A	2,704		2,704 3	
Total CFDA 93.991				7,704	0	7,704	
Health Resources And Services Administration, Department Of Health And Human Services/Dept of Health	Maternal and Child Health Services Block Grant to the States	93.994	C16887	17,524		17,524 3	
Health Resources And Services Administration, Department Of Health And Human Services/Dept of Health	Maternal and Child Health Services Block Grant to the States	93.994	C16887	10,141		10,141 3	
Health Resources And Services Administration, Department Of Health And Human Services/Dept of Health	Maternal and Child Health Services Block Grant to the States	93.994	C16887	6,067		6,067 3	

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

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	
Health Resources And Services Administration, Department Of Health And Human Services/Dept of Health	Maternal and Child Health Services Block Grant to the States	93.994	C16887	5,288		5,288	3
Total CFDA 93.994				39,020	0	39,020	
Department Of Homeland Security/Wa State Parks & Rec Commission	Boating Safety Financial Assistance	97.012	N/A	21,676		21,676	
Department Of Homeland Security/Dept of Homeland Security	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	E08-796, PW1613	7,697		7,697	
Department Of Homeland Security/Dept of Homeland Security	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	E08-796, PW653	5,982		5,982	
Department Of Homeland Security/Dept of Homeland Security	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	E08-796, PW202	212,209		212,209	
Total CFDA 97.036				225,888	0	225,888	
Department Of Homeland Security/Department of Homeland Security	Emergency Management Performance Grants	97.042	E12-088	12,500		12,500	
Department Of Homeland Security	Port Security Grant Program	97.056	2009-PU-T9-K044		161,677	161,677	
Department Of Homeland Security/Military Dept/Kitsap County	Homeland Security Grant Program	97.067	E13-143	38,620		38,620	
Total Federal Awards Expended:				5,198,600	1,656,555	6,855,156	

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

JEFFERSON COUNTY, WASHINGTON

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

NOTE 1 - BASIS OF ACCOUNTING

This schedule is prepared on the same basis of accounting as the Jefferson County financial statements. The basis of accounting Jefferson County uses represents a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

NOTE 2 - NONCASH AWARDS - VACCINATIONS

The amount of vaccine reported on the schedule is the value of vaccine received by the Jefferson County during current year and priced as prescribed by Washington State Childhood Vaccine.

NOTE 3 - INDIRECT COST RATE

The amount expended includes \$109,330.42 claimed as an indirect cost recovery using an approved indirect cost rate of between 20 percent and 46.13 percent.

NOTE 4 - AMOUNTS AWARDED TO SUBRECIPIENTS

Included in the total amount expended for this program is \$124,989 that was passed through to a subrecipient that administered its own project.

NOTE 5 - AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) of 2009

Expenditures for this program were funded by ARRA.

NOTE 6 – BULLETPROOF VEST PARTNERSHIP PROGRAM

\$8,880.93 of expenditures occurred in 2011

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.

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