



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

**Financial Statements and Federal Single Audit  
Report**

**Lincoln County**

**For the period January 1, 2017 through December 31, 2017**

**Published September 20, 2018**

**Report No. 1022089**





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

September 20, 2018

Board of Commissioners  
Lincoln County  
Davenport, Washington

**Report on Financial Statements and Federal Single Audit**

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

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

Sincerely,

A handwritten signature in black ink that reads "Pat McCarthy". The signature is fluid and cursive.

Pat McCarthy  
State Auditor  
Olympia, WA

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

### Lincoln County January 1, 2017 through December 31, 2017

#### SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of Lincoln County are summarized below in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

##### Financial Statements

We issued an unmodified opinion on the fair presentation of the County’s financial statements in accordance with its regulatory basis of accounting. Separately, we issued an adverse opinion on the fair presentation of all funds with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared using a basis of accounting other than GAAP.

##### Internal Control over Financial Reporting:

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

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

##### Federal Awards

##### Internal Control over Major Programs:

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

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

We reported no findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

### **Identification of Major Federal Programs:**

The following program was selected as a major program in our audit of compliance in accordance with the Uniform Guidance.

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

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$750,000.

The County did not qualify as a low-risk auditee under the Uniform Guidance.

## **SECTION II – FINANCIAL STATEMENT FINDINGS**

None reported.

## **SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None reported.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

**Lincoln County  
January 1, 2017 through December 31, 2017**

Board of Commissioners  
Lincoln County  
Davenport, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Lincoln County, Washington, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's financial statements, and have issued our report thereon dated August 13, 2018.

We issued an unmodified opinion on the fair presentation of the County's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared by the County using accounting practices prescribed by Washington State statutes and the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual described in Note 1, which is a basis of accounting other than GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

As discussed in Note 9 to the financial statements, during the year ended 2017, the County adopted guidance for presentation and disclosure of amounts collected and held for special purpose districts in fiduciary funds, as required by the BARS manual.

**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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of the County's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However,

this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly legible.

Pat McCarthy

State Auditor

Olympia, WA

August 13, 2018



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR FEDERAL PROGRAM AND REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH THE UNIFORM GUIDANCE**

**Lincoln County**  
**January 1, 2017 through December 31, 2017**

Board of Commissioners  
Lincoln County  
Davenport, Washington

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM**

We have audited the compliance of Lincoln County, Lincoln County, Washington, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2017. The County's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2017.

## **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 the Uniform Guidance, 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 the Uniform Guidance. 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 black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy

State Auditor

Olympia, WA

August 13, 2018

# INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

## **Lincoln County** **January 1, 2017 through December 31, 2017**

Board of Commissioners  
Lincoln County  
Davenport, Washington

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of Lincoln County, Washington, for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's financial statements, as listed on page 16.

#### **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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of Lincoln County, for the year ended December 31, 2017, on the basis of accounting described in Note 1.

### **Basis for Adverse Opinion on U.S. GAAP**

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. The effects on the financial statements of the variances between GAAP and the accounting practices the County used, as described in Note 1, although not reasonably determinable, are presumed to be material. As a result, we are required to issue an adverse opinion on whether the financial statements are presented fairly, in all material respects, in accordance with GAAP.

### **Adverse Opinion on U.S. GAAP**

The financial statements referred to above were not intended to, and in our opinion they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Lincoln County, as of December 31, 2017, 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.

## **Matters of Emphasis**

As discussed in Note 9 to the financial statements, in 2017, the County adopted new accounting guidance for presentation and disclosure of amounts collected and held for special purpose districts in fiduciary funds, as required by the BARS manual. Our opinion is not modified with respect to this matter.

## **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 Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Schedule of Liabilities is 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 13, 2018 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an

integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy

State Auditor

Olympia, WA

August 13, 2018

## **FINANCIAL SECTION**

### **Lincoln County January 1, 2017 through December 31, 2017**

#### **FINANCIAL STATEMENTS**

Fund Resources and Uses Arising from Cash Transactions – 2017  
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2017  
Notes to Financial Statements – 2017

#### **SUPPLEMENTARY AND OTHER INFORMATION**

Schedule of Liabilities – 2017  
Schedule of Expenditures of Federal Awards – 2017  
Notes to the Schedule of Expenditures of Federal Awards – 2017



**Lincoln County**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2017**

		<b>Total for All Funds (Memo Only)</b>	<b>001 Current Expense</b>	<b>101 Election</b>	<b>102 Public Health</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	1,291,446	77,879	-	-
30880	Unreserved	6,013,729	2,146,363	88,784	60,095
388 / 588	Prior Period Adjustments, Net	-	-	-	-
<b>Revenues</b>					
310	Taxes	5,792,611	2,898,668	10,847	101,208
320	Licenses and Permits	182,283	112,568	-	59,766
330	Intergovernmental Revenues	10,831,662	1,526,316	13	338,073
340	Charges for Goods and Services	3,812,043	1,757,063	28,317	49,889
350	Fines and Penalties	403,199	399,145	-	-
360	Miscellaneous Revenues	3,484,959	486,623	98	1,357
Total Revenues:		24,506,758	7,180,383	39,275	550,293
<b>Expenditures</b>					
510	General Government	5,561,596	3,977,651	93,912	-
520	Public Safety	3,612,467	2,912,878	-	-
530	Utilities	464,759	-	-	-
540	Transportation	8,475,102	-	-	-
550	Natural and Economic Environment	463,423	180,884	-	-
560	Social Services	1,054,489	11,273	-	489,434
570	Culture and Recreation	228,909	96,259	-	-
Total Expenditures:		19,860,746	7,178,945	93,912	489,434
Excess (Deficiency) Revenues over Expenditures:		4,646,013	1,438	(54,637)	60,859
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	4,681,982	-	-	-
397	Transfers-In	691,210	595,215	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	56,103	6,585	-	-
381, 395, 398	Other Resources	359,278	84,691	-	-
Total Other Increases in Fund Resources:		5,788,573	686,491	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	4,299,008	323,684	-	30,106
591-593, 599	Debt Service	4,466,397	1,514	-	-
597	Transfers-Out	691,210	51,504	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	18,141	941	-	-
581	Other Uses	332,099	73,168	-	-
Total Other Decreases in Fund Resources:		9,806,855	450,810	-	30,106
<b>Increase (Decrease) in Cash and Investments:</b>		<b>627,730</b>	<b>237,118</b>	<b>(54,637)</b>	<b>30,753</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	1,264,000	116,381	-	-
5088000	Unreserved	6,667,907	2,343,979	34,147	90,847
<b>Total Ending Cash and Investments</b>		<b>7,931,907</b>	<b>2,460,360</b>	<b>34,147</b>	<b>90,847</b>

*The accompanying notes are an integral part of this statement.*

**Lincoln County**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2017**

		<b>103 Counseling Serv</b>	<b>104 Developmental Dis</b>	<b>105 County Fair</b>	<b>106 Veteran's Assist</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	3,053	13,059	-	22,881
30880	Unreserved	32,632	5,928	3,981	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
<b>Revenues</b>					
310	Taxes	3,021	26,837	206	117
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	3	86,985	28,601	-
340	Charges for Goods and Services	-	-	25,998	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	74	39,179	82
Total Revenues:		3,025	113,897	93,983	199
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	2,922	125,716	-	9,396
570	Culture and Recreation	-	-	127,918	-
Total Expenditures:		2,922	125,716	127,918	9,396
Excess (Deficiency) Revenues over Expenditures:		102	(11,820)	(33,934)	(9,197)
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	32,000	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	7,202	-
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	39,202	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	7,550	100	-	-
591-593, 599	Debt Service	-	-	463	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	300	-
581	Other Uses	-	-	8,087	-
Total Other Decreases in Fund Resources:		7,550	100	8,850	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(7,448)</b>	<b>(11,920)</b>	<b>(3,582)</b>	<b>(9,197)</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	3,053	7,068	-	13,684
5088000	Unreserved	25,185	-	397	-
<b>Total Ending Cash and Investments</b>		<b>28,238</b>	<b>7,068</b>	<b>397</b>	<b>13,684</b>

**Lincoln County**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2017**

		<b>107 County Road</b>	<b>108 Treasurer's M&amp;O</b>	<b>109 Auditor's M&amp;O</b>	<b>113 Alcohol/Drug</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	-	33,146	46,470	-
30880	Unreserved	1,208,452	-	-	71,927
388 / 588	Prior Period Adjustments, Net	-	-	-	-
<b>Revenues</b>					
310	Taxes	1,557,284	-	-	2,990
320	Licenses and Permits	9,950	-	-	-
330	Intergovernmental Revenues	7,762,522	-	46,320	331,262
340	Charges for Goods and Services	19,278	33,660	8,437	9,745
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	57,164	350	-	2,451
Total Revenues:		9,406,198	34,011	54,758	346,448
<b>Expenditures</b>					
510	General Government	405,852	23,244	53,008	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	6,576,157	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	400,747
570	Culture and Recreation	-	-	-	-
Total Expenditures:		6,982,010	23,244	53,008	400,747
Excess (Deficiency) Revenues over Expenditures:		2,424,189	10,766	1,749	(54,299)
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	6,812	-	-	-
381, 395, 398	Other Resources	-	-	-	62
Total Other Increases in Fund Resources:		6,812	-	-	62
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	2,295,189	84	22,181	7,498
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		2,295,189	84	22,181	7,498
<b>Increase (Decrease) in Cash and Investments:</b>		<b>135,812</b>	<b>10,682</b>	<b>(20,432)</b>	<b>(61,735)</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	-	43,829	26,039	-
5088000	Unreserved	1,344,263	-	-	10,191
<b>Total Ending Cash and Investments</b>		<b>1,344,263</b>	<b>43,829</b>	<b>26,039</b>	<b>10,191</b>

**Lincoln County**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2017**

		<b>114 Affordable Housing</b>	<b>115 Law Library</b>	<b>117 LC Tourism</b>	<b>118 Reet Technology</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	25,093	-	20,220	94,206
30880	Unreserved	-	172,577	-	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	20,431	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	9,766
340	Charges for Goods and Services	13,036	43,517	-	2,188
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	-	-	732
Total Revenues:		13,036	43,517	20,431	12,686
<b>Expenditures</b>					
510	General Government	-	-	-	17,764
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	12,965	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	4,732	-	-
Total Expenditures:		-	4,732	12,965	17,764
Excess (Deficiency) Revenues over Expenditures:		13,036	38,785	7,466	(5,078)
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	24,000	83,859	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		24,000	83,859	-	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(10,964)</b>	<b>(45,074)</b>	<b>7,466</b>	<b>(5,078)</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	14,129	-	27,686	89,127
5088000	Unreserved	-	127,503	-	-
<b>Total Ending Cash and Investments</b>		<b>14,129</b>	<b>127,503</b>	<b>27,686</b>	<b>89,127</b>

**Lincoln County**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2017**

		<b>119 Trial Court Improv</b>	<b>122 Homeless Housing</b>	<b>124 Crime Victims</b>	<b>125 Traffic Policing</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	51,619	71,198	151,001	-
30880	Unreserved	51,620	-	-	3,958
388 / 588	Prior Period Adjustments, Net	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	499,587
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	17,352	-	2,512	717
340	Charges for Goods and Services	-	69,433	6,185	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	-	-	-
Total Revenues:		17,352	69,433	8,697	500,304
<b>Expenditures</b>					
510	General Government	37,542	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		37,542	-	-	-
Excess (Deficiency) Revenues over Expenditures:		(20,190)	69,433	8,697	500,304
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	17,352	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		17,352	-	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	4,903	60,000	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	496,153
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		4,903	60,000	-	496,153
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(7,741)</b>	<b>9,433</b>	<b>8,697</b>	<b>4,151</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	47,749	80,632	159,698	-
5088000	Unreserved	47,749	-	-	8,110
<b>Total Ending Cash and Investments</b>		<b>95,498</b>	<b>80,632</b>	<b>159,698</b>	<b>8,110</b>

**Lincoln County**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2017**

		<b>129 Marine Enforce</b>	<b>131 Sex Offender Reg</b>	<b>132 Enhanced 911</b>	<b>133 Emergency Comm</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	-	-	-	-
30880	Unreserved	33,195	58,588	128,741	111,270
388 / 588	Prior Period Adjustments, Net	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	106,545	144,907
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	88,843	24,000	489,270	-
340	Charges for Goods and Services	-	352	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	25	-	188	8,570
Total Revenues:		88,868	24,352	596,003	153,477
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	6,419	1,051	608,692	83,427
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		6,419	1,051	608,692	83,427
Excess (Deficiency) Revenues over Expenditures:		82,449	23,301	(12,689)	70,050
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	-	574
Total Other Increases in Fund Resources:		-	-	-	574
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	98,244	37,598	-	20,688
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		98,244	37,598	-	20,688
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(15,795)</b>	<b>(14,297)</b>	<b>(12,689)</b>	<b>49,936</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	-	-	-	-
5088000	Unreserved	17,401	44,291	116,051	161,206
<b>Total Ending Cash and Investments</b>		<b>17,401</b>	<b>44,291</b>	<b>116,051</b>	<b>161,206</b>

**Lincoln County**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2017**

		<b>134 Dom Violence</b>	<b>136 Public Defense</b>	<b>138 Watershed Mgmt</b>	<b>150 Weed Board</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	19,579	11,514	-	-
30880	Unreserved	-	-	-	20,986
388 / 588	Prior Period Adjustments, Net	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	20,201	-	-
340	Charges for Goods and Services	13,575	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	-	-	197,931
Total Revenues:		13,575	20,201	-	197,931
<b>Expenditures</b>					
510	General Government	-	29,663	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	196,656
560	Social Services	15,000	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		15,000	29,663	-	196,656
Excess (Deficiency) Revenues over Expenditures:		(1,425)	(9,462)	-	1,275
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	170
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	170
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	-	5,755
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	-	-	5,755
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(1,425)</b>	<b>(9,462)</b>	<b>-</b>	<b>(4,310)</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	18,155	2,052	-	-
5088000	Unreserved	-	-	-	16,675
<b>Total Ending Cash and Investments</b>		<b>18,155</b>	<b>2,052</b>	<b>-</b>	<b>16,675</b>

**Lincoln County**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2017**

		<b>151 Court Facilitator</b>	<b>160 Public Safety</b>	<b>207 LTGO Bond</b>	<b>208 PW LTGO Ban Not</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	-	-	-	-
30880	Unreserved	4,650	-	-	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	160,076	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	48,923	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	-	-	-
Total Revenues:		48,923	160,076	-	-
<b>Expenditures</b>					
510	General Government	47,810	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		47,810	-	-	-
Excess (Deficiency) Revenues over Expenditures:		1,113	160,076	-	-
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	4,317,790
397	Transfers-In	-	-	15,827	30,816
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	15,827	4,348,606
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	15,827	4,348,606
597	Transfers-Out	-	39,910	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	39,910	15,827	4,348,606
<b>Increase (Decrease) in Cash and Investments:</b>		<b>1,113</b>	<b>120,166</b>	<b>0</b>	<b>(0)</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	-	-	-	-
5088000	Unreserved	5,763	120,165	-	-
<b>Total Ending Cash and Investments</b>		<b>5,763</b>	<b>120,165</b>	<b>-</b>	<b>-</b>



**Lincoln County**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2017**

		<b>251 Sunny Hills RID</b>	<b>265 Consolidated RID</b>	<b>305 Capital Improve</b>	<b>307 Maintenance Fac</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	-	21,607	444,656	-
30880	Unreserved	-	-	-	1,328
388 / 588	Prior Period Adjustments, Net	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	128,285	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	227	3,828	-	-
360	Miscellaneous Revenues	995	93,274	1,296	-
Total Revenues:		1,222	97,102	129,580	-
<b>Expenditures</b>					
510	General Government	-	-	7,828	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	18,545
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	7,828	18,545
Excess (Deficiency) Revenues over Expenditures:		1,222	97,102	121,753	(18,545)
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	364,192
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	364,192
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	152,625	300,333
591-593, 599	Debt Service	152	99,835	-	-
597	Transfers-Out	-	-	-	46,643
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	227	3,889	-	-
581	Other Uses	844	-	-	-
Total Other Decreases in Fund Resources:		1,222	103,724	152,625	346,975
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(0)</b>	<b>(6,622)</b>	<b>(30,872)</b>	<b>(1,328)</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	-	14,985	413,783	-
5088000	Unreserved	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>-</b>	<b>14,985</b>	<b>413,783</b>	<b>-</b>

**Lincoln County**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2017**

		<b>315 Rural Co Develop</b>	<b>405 Professional Bldg</b>	<b>410 Solid Waste</b>	<b>510 Equip Rental &amp; Rev</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	184,266	-	-	-
30880	Unreserved	-	7,425	23,933	1,071,116
388 / 588	Prior Period Adjustments, Net	-	-	-	-
<b>Revenues</b>					
310	Taxes	131,602	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	58,905	-
340	Charges for Goods and Services	-	-	472,309	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	5,000	8	2,589,562
Total Revenues:		131,602	5,000	531,223	2,589,562
<b>Expenditures</b>					
510	General Government	-	5,945	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	464,759	-
540	Transportation	-	-	-	1,485,564
550	Natural and Economic Environment	72,918	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		72,918	5,945	464,759	1,485,564
Excess (Deficiency) Revenues over Expenditures:		58,684	(945)	66,463	1,103,998
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	7,490	27,845
381, 395, 398	Other Resources	-	-	-	20,251
Total Other Increases in Fund Resources:		-	-	7,490	48,097
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	2,592	28,154	793,865
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	57,000	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	12,785	-
581	Other Uses	-	-	-	250,000
Total Other Decreases in Fund Resources:		57,000	2,592	40,939	1,043,865
<b>Increase (Decrease) in Cash and Investments:</b>		<b>1,684</b>	<b>(3,537)</b>	<b>33,014</b>	<b>108,229</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	185,950	-	-	-
5088000	Unreserved	-	3,888	56,947	1,179,345
<b>Total Ending Cash and Investments</b>		<b>185,950</b>	<b>3,888</b>	<b>56,947</b>	<b>1,179,345</b>

**Lincoln County**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2017**

		<b>520 Pits &amp; Quarries</b>	<b>540 Employee Self-Ins</b>
<b>Beginning Cash and Investments</b>			
30810	Reserved	-	-
30880	Unreserved	85,145	621,033
388 / 588	Prior Period Adjustments, Net	-	-
<b>Revenues</b>			
310	Taxes	-	-
320	Licenses and Permits	-	-
330	Intergovernmental Revenues	-	-
340	Charges for Goods and Services	301,060	909,076
350	Fines and Penalties	-	-
360	Miscellaneous Revenues	-	-
Total Revenues:		301,060	909,076
<b>Expenditures</b>			
510	General Government	-	861,376
520	Public Safety	-	-
530	Utilities	-	-
540	Transportation	394,836	-
550	Natural and Economic Environment	-	-
560	Social Services	-	-
570	Culture and Recreation	-	-
Total Expenditures:		394,836	861,376
Excess (Deficiency) Revenues over Expenditures:		(93,776)	47,700
<b>Other Increases in Fund Resources</b>			
391-393, 596	Debt Proceeds	-	-
397	Transfers-In	-	-
385	Special or Extraordinary Items	-	-
386 / 389	Custodial Activities	-	-
381, 395, 398	Other Resources	250,595	3,105
Total Other Increases in Fund Resources:		250,595	3,105
<b>Other Decreases in Fund Resources</b>			
594-595	Capital Expenditures	-	-
591-593, 599	Debt Service	-	-
597	Transfers-Out	-	-
585	Special or Extraordinary Items	-	-
586 / 589	Custodial Activities	-	-
581	Other Uses	-	-
Total Other Decreases in Fund Resources:		-	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>156,819</b>	<b>50,805</b>
<b>Ending Cash and Investments</b>			
5081000	Reserved	-	-
5088000	Unreserved	241,964	671,839
<b>Total Ending Cash and Investments</b>		<b>241,964</b>	<b>671,839</b>

**Lincoln County**  
**Fiduciary Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2017**

		<b>Total for All Funds (Memo Only)</b>	<b>Investment Trust</b>	<b>Private-Purpose Trust</b>	<b>Agency</b>
308	Beginning Cash and Investments	32,581,523	20,456,054	33,398	12,092,072
388 & 588	Prior Period Adjustment, Net	-	-	-	-
310-390	Additions	136,302,302	11,935,675	11,990	124,354,637
510-590	Deductions	133,048,676	9,154,274	6,409	123,887,992
	Net Increase (Decrease) in Cash and Investments:	3,253,626	2,781,401	5,581	466,645
508	Ending Cash and Investments	35,835,148	23,237,455	38,978	12,558,715

*The accompanying notes are an integral part of this statement.*

LINCOLN COUNTY, WASHINGTON  
NOTES TO FINANCIAL STATEMENTS

January 1, 2017 through December 31, 2017

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

a. **Fund Accounting**

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

**GOVERNMENTAL FUND TYPES:**

**General (Current Expense) Fund**

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

#### Special Revenue Funds

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

#### Debt Service Funds

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

#### Capital Projects Funds

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

### **PROPRIETARY FUND TYPES:**

#### Enterprise Funds

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

#### Internal Service Funds

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

### **FIDUCIARY FUND TYPES:**

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

#### Agency Funds

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

b. Basis of Accounting and Measurement Focus

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

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.

c. Budgets

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

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

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

**2017 BUDGET APPROPRIATIONS**

<b>Fund/Department</b>	<b>Final Appropriated Amounts</b>	<b>Actual Expenditures</b>	<b>Variance</b>
General Fund:			
Assessor	354,171	346,370	7,801
Auditor	346,054	318,729	27,325
Board of Equalization	4,534	1,513	3,021
Civil Service	4,433	2,810	1,623
Clerk	298,496	298,496	0
Commissioners	417,368	417,368	0
Planning	182,674	182,673	1
Cooperative Extension	91,244	83,954	7,290
Coop Ext-Bulletin	250	119	131
Coroner	11,274	11,273	1
Courthouse	344,143	344,142	1
Data Processing	238,350	219,358	18,992
Information Services	286,866	281,924	4,942
District Court	297,633	282,300	15,333
Probation	79,389	77,013	2,376
Jail	816,812	730,361	86,451
Juvenile Services	158,432	143,305	15,127
Consolidated Juv Serv	53,698	53,697	1
CDDA	-	-	-
CJAA	2,700	2,277	423
JAIBG	-	-	-
Community Litter Cleanup	14,037	14,037	0
BECCA Bill Grant	10,371	10,310	61
Non-Departmental	425,175	392,896	32,279
Personnel Enhancement Training	-	-	-
Prosecuting Attorney	470,221	461,567	8,654
Stop Grant - Prosecuting Attorney	15,232	10,073	5,160

Sheriff Administration	460,558	460,557	1
Sheriff Operations	1,273,445	1,221,761	51,684
Stop Grant - Sheriff	15,315	4,423	10,892
Marijuana Eradication	100	-	100
Davenport Law Enforcement	315,000	306,078	8,922
Wilbur Law Enforcement	115,412	98,214	17,199
Superior Court	324,911	324,910	1
Treasurer	334,941	330,705	4,236
Welfare	700	-	700
Other Financing Uses	77,740	51,504	26,236
Non Expenditures	271	151	120
Special Funded Services	120,000	117,966	2,034
Davenport Special Reserve Fund	21,000	-	21,000
Youth Programs	24,272	9,748	14,524
Education & Grant Fund	17,320	2,870	14,450
Criminal Antiprofitteering	2,454	-	2,454
Drug Enforcement	20,360	11,482	8,878
Seized/Forfeited Property	5,900	-	5,900
DARE	3,310	617	2,693
Unemployment Insurance	10,000	2,205	7,795
Housing Rehab Project	150	-	150
Wilbur Special Reserve	10,000	-	10,000
Total General Fund			446,961
			-
Election	93,913	93,912	1
Public Health	547,073	519,540	27,533
Counseling Services	25,525	10,472	15,053
Developmental Disabilities	125,817	125,816	1
County Fair	136,769	136,768	1
Veterans Assistance	13,800	9,396	4,404
County Road	10,958,633	9,277,198	1,681,435
Treasurer's M&O	27,363	23,328	4,035
Auditor's M&O	109,704	75,189	34,515
Alcohol/Drug Services	408,246	408,245	1
Affordable Housing Trust	25,000	24,000	1,000
Law Library	88,592	88,591	1
Lincoln County Tourism	12,965	12,965	0
REET Technology Fund	17,765	17,764	1
Trial Court Improvement	64,847	42,445	22,402
Homeless Housing	60,000	60,000	-
Crime Victims	132,651	-	132,651
Traffic Policing	500,000	496,153	3,847
Marine Enforcement/Education	104,663	104,663	0
Sex Offender Registration	38,649	38,648	1
Enhanced 911	608,693	608,692	1
Emergency Communications	216,510	104,115	112,395
Domestic Violence Prevention	20,000	15,000	5,000
Public Defense Service	29,663	29,663	0
Watershed Management	-	-	-
Noxious Weed Control Board	253,866	202,412	51,454
Court Facilitator	57,134	47,810	9,324



Public Safety	75,000	39,910	35,090
Lincoln County LTGO Bond	250,000	15,827	234,173
PW LTGO Ban Note Debt	4,348,606	4,348,606	0
Martin Hall Debt Service	-	-	-
Hanson Harbor RID #01-02	-	-	-
Sunny Hills RID #04-01	1,223	1,222	1
Consolidated RID No. 09-01 Bond	230,751	103,724	127,027
Capital Improvements	249,675	160,454	89,221
Maintenance Facility Project	365,521	365,520	1
Rural County Development	200,000	129,918	70,082
Emergency Response Center	-	-	-
Professional Building Fund	8,537	8,537	0
Solid Waste Management	505,699	505,699	0
Equipment Rental & Revolving	2,622,500	2,529,430	93,070
Pits & Quarries	561,000	394,836	166,164
Employee Self-Insurance	975,000	861,376	113,624
Foreclosure Surplus	29,800	6,409	23,391

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

d. Cash and Investments

See Note #3, Deposits and Investments.

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

e. Capital Assets

Capital assets are assets with an initial individual cost of more than \$100 and an estimated useful life in excess of 5 years. Capital assets and inventory are recorded as capital expenditures when purchased.

f. Compensated Absences

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

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

Payments are recognized as expenditures when paid.

The County's liability (including OASI and PERS 1 Retirement) for accumulated unused vacation leave on December 31, 2017 was \$528,695.49, for accumulated unused sick leave was \$435,673.66 and for Public Works accumulated unused comp time was \$4,204.14 for a total of \$968,573.29.

g. Long-Term Debt

See Note # 6, Debt Service Requirements.

h. Other Financing Sources or Uses

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

<u>Transfers Out</u>		<u>Transfers In</u>	
Current Expense	\$51,504	Current Expense	\$561,064
Traffic Policing	\$496,153	County Fair	\$32,000
		Davenport Special	
Public Safety	\$39,910	Reserve	\$3,414
Maintenance Facility Proj	\$46,643	Trial Court Improvement	\$17,352
Rural Co Development	\$57,000	Wilbur Special Reserve	\$30,738
		LC LTGO Bond	\$15,827
		PW LTGO Ban Note	\$30,816
<b>TOTAL OUT</b>	<b>\$691,210</b>	<b>TOTAL IN</b>	<b>\$691,210</b>

i. Risk Management

The County is a member of the Washington Rural Counties Insurance Pool (WRCIP). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire, or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The program was formed on September 1, 1998 when three counties in the State of Washington joined together by signing an Interlocal Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 1, 2016, there are eight counties in the program.

The program provides the following forms of joint self-insurance and reinsurance coverage for its members: Property, including Automobile Comprehensive, and Collision,

Equipment Breakdown, and Crime Protection; and Liability, including General, Automobile, and Wrongful Acts, which are included to fit members' various needs.

The program acquires insurance through their Administrator, Clear Risk Solutions. Liability coverage is purchased to an aggregate limit of \$45,000,000 with a self-insured retention of \$50,000. Members are responsible for a \$1,000 to \$10,000 deductible for each claim, while the program is responsible for the %50,000 self-insured retention. Since the program is a cooperative program, there is a joint liability among the participating members towards the sharing of the \$50,000 self-insured retention in addition to the deductible. The program also purchases a Stop Loss Policy as another layer of protection to its membership, with an attachment point of \$541,079.

Property insurance is subject to a per-occurrence self-insured retention of \$25,000. Members are responsible for the \$1,000 - \$10,000 per occurrence deductible. The program bears the \$25,000 self-insured retention, in addition to the deductible.

Equipment Breakdown insurance is subject to a per-occurrence deductible of \$2,500 (\$5,000 for sewer plants). Members are responsible for the full deductible amount of each claim. There is no program self-insured retention on this coverage.

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

The program is governed by an eight-member board of directors elected by each member's designated voting representative. It is felt the individual counties are best able to select their own representatives to manage their insurance association.

The program is funded by its member participants and has no employees. Claims are filed by members/brokers with Clear Risk Solutions, who has been contracted to perform program administration, claims adjustment, and loss prevention for the program. Fees paid to the third party administrator under this arrangement for the policy year beginning December 1, 2016 and ending December 1, 2017 were \$564,992.53.

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

The Unemployment Insurance fund is responsible for collecting interfund payments from insured funds and departments for reimbursement of claims paid to the Employment Security Department. The estimated liability for unemployment charges, based upon the previous year's charges is approximately \$0.

According to Resolution # 11-05, Lincoln County implemented a Self-Insurance Program for employee medical insurance. The resolution was signed during the January 24, 2011 meeting with ~~an effective date of February 1, 2011. EMSpring is the broker of record for Lincoln County's~~

health insurance program. RCW 48.62.031 provides local governments the authority to contract with third parties to provide risk management, claims and administrative service. Current Lincoln County fund balances are adequate to fully fund all reserve accounts for a self-funded program.

Claims Liability – Beginning of Year - \$0.00

Claims Incurred during the year - \$564,992.53

Payments on Claims - \$564,992.53

Claims Liability – End of Year - \$0.00

All claims are billed to Lincoln County on a weekly basis and we process the claims at each Board of County Commissioners meeting. Therefore, at the end of the year, we do not have any known outstanding claims. There are additional expenditures of \$296,383.15 from the Employee Self-Insurance Fund for Professional Services (not related to claims).

j. Reserved Portion of Ending Cash and Investments

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

Reservations of Ending Cash and Investments consist of:

Counseling Services	\$ 3,053	Statutory requirement - mental health services
Developmental Disabilities	\$ 7,068	Statutory requirement - mental health services
Veteran's Assistance	\$ 13,684	Statutory requirement - honorable discharge veterans
Treasurer's M&O	\$ 43,829	Statutory requirement - foreclosure fees
Auditor's M&O	\$ 26,039	Statutory requirement - document surcharge
Special Funded Services	\$ -	Internal restrictions-retained earnings, insurance & building reserve
Affordable Housing	\$ 14,129	Statutory requirement limiting expenditures - document surcharge
Davenport Special Reserve	\$ 24,711	External restrictions - Davenport contract with Sheriff's Office
Lincoln County Tourism	\$ 27,686	Statutory requirement - hotel/motel tax
REET Technology	\$ 89,127	Statutory requirement - electronic technology fee
Trial Court Improvement	\$ 47,749	Statutory requirement - judicial salary
Homeless Housing	\$ 80,632	Statutory requirement - document surcharge
Criminal Anti-Profitteering	\$ 2,455	Statutory requirement - statewide apportionment
Crime Victims	\$ 159,698	Statutory requirement - crime victim and witness fees
Domestic Violence	\$ 18,155	Statutory requirement - document surcharge
Public Defense	\$ 2,052	Statutory requirement - state entitlement/public defense
Housing Rehab Project	\$ 58,477	Statutory requirement-434 CDBG grant/low income housing improvement
Wilbur Special Reserve	\$ 30,738	External restrictions - Wilbur contract with Sheriff's Office
Hanson Harbor RID	\$ -	External restrictions - road improvement district bond repayment
Sunny Hills RID	\$ -	External restrictions - road improvement district bond repayment
Consolidated RID	\$ 14,985	External restrictions - road improvement district bond repayment
Capital Improvements	\$ 413,783	Statutory requirement - real estate excise tax
Rural County Development	\$ 185,950	Statutory requirement - rural county sales and use tax
Solid Waste	\$ -	External restrictions - grant funding

TOTAL RESERVED FUNDS   \$ 1,264,000

**NOTE 2 - COMPLIANCE AND ACCOUNTABILITY/OTHER DISCLOSURES**

A.     Pending Legal Matters.

**Bid Process for Asphalt Project**

On August 6, 2013, Lincoln County awarded a bid for an asphalt project in Lincoln County to Specialty Asphalt of Spokane, WA. Thereafter, it was discovered that the bid proposal sent out by Lincoln County stated mistakenly that no bid bond or performance bond was required. RCW 39.08.101 requires a contractor to obtain a performance bond on a public works contract. Lincoln County then requested that Specialty Asphalt obtain a performance bond in order that the process comply with state law. Specialty Asphalt obtained an attorney and has refused or has been unable to obtain a performance bond. Threatening letters were received from Specialty Asphalt's attorneys. Specialty Asphalt filed a complaint for injunctive relief against Lincoln County. Lincoln County answered and subsequently filed a motion for summary judgment. Thereafter, Specialty Asphalt filed a motion to amend its Complaint by adding causes of action for negligence and gender discrimination. At that point, Lincoln County reconvened the claim to its insurance carrier, Canfield, who has substituted in as counsel and is defending this matter under a reservation of rights. Litigation continues in this matter. The Superior Court granted summary judgment in favor of Lincoln County. (all claims were dismissed). Plaintiff appealed that ruling to the Court of Appeals (Division III). That court affirmed the lower court ruling. Plaintiffs have now appealed the case to the Washington Supreme Court. The Supreme Court has agreed to hear argument. Case is still pending.

**Various Unlawful Labor Practice Complaints**

1)     An unlawful labor practice complaint was filed by Teamsters Local 690 against Lincoln County, alleging employer interference with employee rights by questioning Morgan Scharff about his decision to get assistance from union representative and making statements that could reasonable by perceived as a threat of reprisal or force, or promise of benefit, associated with the employee's protected union activity. Lincoln County answered that unlawful labor practice complaint (ULP). Ultimately, this matter was settled outside of litigation, with neither party actually prevailing. This matter is closed.

2)     On June 21, 2016, Teamsters Local 690 filed an unlawful labor practice complaint against Lincoln County alleging employer interference with employee rights by questioning Steve Steadman about whether or not Steadman like the employer's camera policy, in a manner that could reasonable by perceived as a threat of reprisal or force, or promise of benefit, associated with the employees' union activity. Lincoln County filed an answer to this complaint. While in negotiations, this matter was settled, with no prevailing party. This matter is concluded.

3) On or about September 29, 2016, Teamsters Local 690 filed two separate unfair practice complaints (one for commissioned employees and one non-commissioned employees) alleging that by passing resolution 16-22 (a resolution indicating that Lincoln County Commissioners intended to conduct union contract negotiations in open public meetings) constituted a refusal to bargain, discriminated and retaliated against union employees and violated the collected bargaining agreements. The public employment relations commission ruled that those ULP's failed to state any claims upon which public employment relations commission could decide the issue. The ULP's were denied by the public employment relations commission (PERC). Thereafter, one initial negotiation was held with Teamsters Local 690 pertaining to contract negotiation. (in open meeting) At the second scheduled meeting, an Attorney for the Teamsters appeared at the meeting and demanded that the meetings not be held in public. Lincoln County Commissioners informed this Attorney that, pursuant to the resolution, all meetings will be held in open meeting. Thereafter, the Teamsters refused to continue to bargain and left the meeting. At that point, the decision was made that Lincoln County would file its own unfair labor practice complaint (one for commissioned officers and one for non-commissioned officers). Those ULP's were filed with PERC. At the same time, Teamsters Local 690 filed its own ULP alleging refusal to bargain. Thereafter, PERC responded that Lincoln County's ULP's did state a claim and gave notice to Teamsters Local 690 to file its answer. With respect to Teamsters Local 690's ULP, PERC again dismissed any portion pertaining to negotiations to be held in open meeting and maintained a portion of their cause of action as to Lincoln County's alleged refusal to bargain. This matter is currently in litigation. A PERC hearing was held in September, 2017. Briefing was completed in November, 2017. This case is pending a ruling by the PERC hearing examiner.

#### B. Appropriation and Fund Balances

There have been no material violations of finance-related legal or contractual provisions. There have been no expenditures exceeding legal appropriations in any of the funds of the County.

#### **NOTE 3 – DEPOSITS AND INVESTMENTS**

It is the County's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds.

All deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission. All investments are insured, registered or held by Lincoln County or its agent in the County and Districts.

Investments are reported at original cost. Investments by type at December 31, 2017 are as follows:

Type of	Lincoln County	Investments held by
---------	-------------------	---------------------

Investment	Investments	Lincoln County as an agent for other governments, individuals or private organizations	Total
L.G.I.P.	\$129,000	\$31,039,078	\$31,168,078
US Government Securities	\$0	\$11,410,601	\$11,410,601
Other: MMA	\$0	\$0	\$0
Total	\$129,000	\$42,449,679	\$42,578,679

#### **NOTE 4 – PROPERTY TAXES**

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

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

#### **Property Tax Calendar**

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

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

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

The County's regular levy for 2017 was \$1.46935 per \$1,000 on assessed valuation of \$1,422,474,435 for a total regular levy of \$2,090,113.

The County is also authorized to levy \$2.25 per \$1,000 of assessed valuation in the unincorporated areas for road construction and maintenance. This levy is subject to the limitations of the levy for general governmental services. The County's road levy for 2017 of \$1.73191 per \$1,000 on assessed valuation of \$1,184,066,144 totaled \$2,050,696. The levy was split between the County Road fund at \$1.30964 per thousand of the assessed valuation in the amount of \$1,550,700; and the Traffic Policing fund at \$0.42227 per thousand in the amount of \$499,996.

#### **NOTE 5 - INTERFUND LOANS AND ADVANCES**

The following table displays interfund loan activity during 2017.

<b>Borrowing Fund</b>	<b>Lending Fund</b>	<b>Balance 1/1/2017</b>	<b>New Loans</b>	<b>Payments</b>	<b>Balance 12/31/2017</b>
Sunny Hills RID	Special Funded Svc	844	0	844	0
Current Expense	Special Funded Svc	71,314	118,566	73,201	116,678
County Fair	Special Funded Svc	8,087	0	8,087	0
Pits & Quarries	Equipment Rental & Revolving	-	250,000	-	250,000
<b>TOTALS</b>		<b>80,245</b>	<b>368,566</b>	<b>82,132</b>	<b>366,678</b>



**NOTE 6 - DEBT SERVICE REQUIREMENTS**

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the County and summarizes the County's debt transactions for the year ended December 31, 2017. The debt service requirements for general obligation bonds, revenue bonds and long term general obligation bond (maintenance facility) are as follows:

	Principal	Interest	Total
2018	104,837	136,048	240,885
2019	92,548	148,337	240,885
2020	95,672	145,213	240,885
2021	98,901	141,984	240,885
2022	102,239	138,646	240,885
2023-2027	565,340	639,085	1,204,425
2028-2032	667,402	537,023	1,204,425
2033-2037	787,889	416,536	1,204,425
2038-2042	930,128	274,297	1,204,425
2043-2047	1,055,045	106,380	1,161,425
<hr/>			
	4,500,000	2,683,550	7,183,550

The Deer Meadows and Deer Heights RID loan was originally a bond anticipation note. It was used for the Public Works department to initiate the RID process to construct the county roads before the bond is assessed. The RID's were finalized in March and February respectively, payment period ending May 11, 2009. The two RID's were combined to create the Consolidated RID in 2009. The bond anticipation note was paid off and the assessment bond was issued based on the remaining balance of the RID. The total amount of assessment was \$1,754,971.20. The amount prepaid was \$662,639.31. The remaining amount of unpaid assessments was \$1,092,331.89. The payment is made through assessment charges to property owners within the district. See accompanying Schedule 9, Schedule for Long Term Debt for additional information. Principal and Interest are determined at year end by the bank. According to Schedule 9, the ending balance as of December 31, 2017 is \$128,725.17.

On May 1, 2015, Lincoln County signed a Limited Tax General Obligation Bond Anticipation Note (BAN Note). The monies borrowed were used for the construction of a Public Works maintenance facility. The note indicates a one-time payment of principal, due April 18, 2018. This note was paid early on April 18, 2017. Interest will be paid on semi-annual basis due May 1 and November 1.

On April 19, 2017, Lincoln County signed a Limited Tax General Obligation Bond with USDA for a 30 year loan for the Public Works maintenance facility. Interest and principal will be paid annually. The first payment will be in April 2018 and continue through April 2047.

## **NOTE 7 - PENSION PLANS**

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

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

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

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

Also, the DRS CAFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

At June 30, 2017 (the measurement date of the plans), the Lincoln County proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

Plan	DRS-Schedule of Employer and Non-employer Allocations		DRS-Schedule of Collective Pension Amounts	Ending Balance 12/31/2017
	Employer Contributions	Allocation Percentage		
PERS 1 - 0541	-	0.000000%	4,745,078,000	-
PERS 1 - 0542	-	0.000000%	-	-
PERS 1 UAAL-0541	133,081	0.022124%	4,745,078,000	1,049,801
PERS 1 UAAL-0542	153,068	0.025447%	4,745,078,000	1,207,480
PERS 2 and 3-0541	173,814	0.028457%	3,474,522,000	988,745
PERS 2 and 3-0542	152,014	0.024888%	3,474,522,000	864,739
Public Safety ERS 2	50,674	0.217182%	19,593,000	42,552
<b>PERS 2 and 3</b>			<b>493,475,000</b>	

TRS 1		3,023,268,000	-
TRS 2 and 3		922,943,000	-
	662,650.94	<i>Total Net Pension Liability (Schedule 09)</i>	4,153,317
LEOFF 1	0.00 0.006044%	(1,517,220,000)	(91,701)
LEOFF 2	52,564.58 0.033274%	(1,387,676,000)	(461,735)
		<i>Net Pension Assets (do not net with the liabilities)</i>	

*Not reported on Schedule 09*

#### LEOFF Plan 1

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

#### LEOFF Plan 2

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

#### **NOTE 8 - OTHER DISCLOSURES:**

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

#### **NOTE 9 – FIDUCIARY ACTIVITIES**

Washington State Law requires counties to act as a fiscal agent on behalf of special purpose districts. The resources collected and held for these districts in a custodial capacity were previously omitted from the financial statements. Starting in fiscal year 2017, counties are required to report the custodial amounts on their financial statements. This requirement resulted in addition of \$35,589,716 in custodial deposits reported in the statement of Fiduciary Fund Resources and Uses Arising from Cash Transactions for the year ended December 31, 2017. In addition, these amounts are now required to be presented by fund type rather than by individual fund.

**Lincoln County**  
**Schedule of Liabilities**  
**For the Year Ended December 31, 2017**

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>General Obligation Debt/Liabilities</b>						
251.11	LTGO Bond	4/18/1947	-	4,500,000	-	4,500,000
263.61	PW LTGO BAN	5/1/2018	4,135,808	181,982	4,317,790	-
<b>Total General Obligation Debt/Liabilities:</b>			<b>4,135,808</b>	<b>4,681,982</b>	<b>4,317,790</b>	<b>4,500,000</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
259.12	Compensated Absences		960,261	8,312	-	968,573
264.30	Net Pension Liability		6,668,193	-	2,514,876	4,153,317
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>7,628,454</b>	<b>8,312</b>	<b>2,514,876</b>	<b>5,121,890</b>
<b>Assessment Debt/Liabilities (with commitments)</b>						
253.11	CRID 09-01 Bond	6/1/2021	216,105	-	87,380	128,725
<b>Total Assessment Debt/Liabilities (with commitments):</b>			<b>216,105</b>	<b>-</b>	<b>87,380</b>	<b>128,725</b>
<b>Total Liabilities:</b>			<b>11,980,367</b>	<b>4,690,294</b>	<b>6,920,046</b>	<b>9,750,615</b>

**Lincoln County**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2017**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Note
				From Pass- Through Awards	From Direct Awards	Passed through to Subrecipients	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via Washington State Dept of Health)	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	C17117	60,776	-	-	4
		10.557	C17117	9,983	-	-	4
Total CFDA 10.557:				70,759	-	-	
Child Nutrition Cluster							
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via Washington State Dept of Health)	Summer Food Service Program for Children	10.559	20170475	140	-	-	4
		Total Child Nutrition Cluster:				140	-
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via Washington State Dept of Health)	WIC Farmers' Market Nutrition Program (FMNP)	10.572	C17117	180	-	-	4
		16.554	2016-RU-BX- K025	16,708	-	-	
Bureau of Justice Statistics, JUSTICE, DEPARTMENT OF (via WA State Patrol)	National Criminal History Improvement Program (NCHIP)	16.575	S17-31102-520	30,032	-	-	
Office for Victims of Crime, JUSTICE, DEPARTMENT OF (via WA Dept of Commerce)	Crime Victim Assistance	16.575	S18-31102-520	30,022	-	-	
Total CFDA 16.575:				60,054	-	-	

The accompanying notes are an integral part of this schedule.

**Lincoln County**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2017**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
OFFICE ON VIOLENCE AGAINST WOMEN (OVW), JUSTICE, DEPARTMENT OF (via WA Dept of Community Trade & Economic Development)	Violence Against Women Formula Grants	16.588	F16-31103-008	10,501	-	10,501	-	
OFFICE ON VIOLENCE AGAINST WOMEN (OVW), JUSTICE, DEPARTMENT OF (via WA Dept of Community Trade & Economic Development)	Violence Against Women Formula Grants	16.588	F16-31103-009	15,278	-	15,278	-	
<b>Total CFDA 16.588:</b>				<b>25,779</b>	<b>-</b>	<b>25,779</b>	<b>-</b>	
Bureau of Justice Assistance, JUSTICE, DEPARTMENT OF (via WA State Military Department)	Bulletproof Vest Partnership Program	16.607	n/a	2,508	-	2,508	-	
<b>Highway Planning and Construction Cluster</b>								
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA Dept of Transportation)	Highway Planning and Construction	20.205	G-1020	1,828,611	-	1,828,611	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA Dept of Transportation)	Highway Planning and Construction	20.205	G-1023	1,681	-	1,681	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA Dept of Transportation)	Highway Planning and Construction	20.205	G-1025	19,342	-	19,342	-	

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**Lincoln County**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2017**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA Dept of Transportation)	Highway Planning and Construction	20.205	G-1026	88,077	-	88,077	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA Dept of Transportation)	Highway Planning and Construction	20.205	G-1027	16,528	-	16,528	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA Dept of Transportation)	Highway Planning and Construction	20.205	G-1028	5,131	-	5,131	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA Dept of Transportation)	Highway Planning and Construction	20.205	G-1031	1,902	-	1,902	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA Dept of Transportation)	Highway Planning and Construction	20.205	J01704 Omans	10,543	-	10,543	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA Dept of Transportation)	Highway Planning and Construction	20.205	J01704 Seven Springs	8,535	-	8,535	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA Dept of Transportation)	Highway Planning and Construction	20.205	J01708 Porcupine Land	239,199	-	239,199	-	

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**Lincoln County**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2017**

Federal Agency (Pass-Through Agency)	Federal Program	Expenditures					Passed through to Subrecipients	Note
		CFDA Number	Other Award Number	From Pass- Through Awards	From Direct Awards	Total		
Total Highway Planning and Construction Cluster:		2,219,549					-	-
Highway Safety Cluster								
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Association of Sheriffs & Police Chiefs)	State and Community Highway Safety	20.600	Letter	4,500	-	4,500	-	
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA Traffic Safety Commission)	National Priority Safety Programs	20.616	LCSO002424- 10	1,039	-	1,039	-	
Total Highway Safety Cluster:		5,539					-	-
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Dept of Health)	Public Health Emergency Preparedness	93.069	C17117	19,839	-	19,839	-	4
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Dept of Health)	Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	1763-94260	4,312	-	4,312	-	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Dept of Health)	Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	1763-94260	46,343	-	46,343	-	
Total CFDA 93.243:		50,655					-	-
		50,655					50,655	

The accompanying notes are an integral part of this schedule.

**Lincoln County**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2017**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Note
				From Pass- Through Awards	From Direct Awards	Total	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Dept of Health)	Immunization Cooperative Agreements	93.268	C17117	766	-	766	4
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Dept of Health)	Immunization Cooperative Agreements	93.268	C17117	2,380	-	2,380	4
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Dept of Health)	Immunization Cooperative Agreements	93.268	C17117	463	-	463	4
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Dept of Health)	Immunization Cooperative Agreements	93.268	C17117	641	-	641	4
<b>Total CFDA 93.268:</b>				<b>4,250</b>	<b>-</b>	<b>4,250</b>	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Dept of Health)	PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539	C17117	1,262	-	1,262	4

*The accompanying notes are an integral part of this schedule.*

**Lincoln County**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2017**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Dept of Social & Health Services)	Child Support Enforcement	93.563	2110-80330	149,297	-	149,297	-	4
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Dept of Health)	Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance â€œ financed in part by the Prevention and Public Health Fund (PPHF)	93.733	C17117	700	-	700	-	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Dept of Health)	Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	300-441-1042	4,356	-	4,356	-	4
<b>Medicaid Cluster</b>								
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Dept of Health)	Medical Assistance Program	93.778	16BH01920	204,372	-	204,372	-	
<b>Total Medicaid Cluster:</b>				<b>204,372</b>	<b>-</b>	<b>204,372</b>	<b>-</b>	
IMMED OFFICE OF THE SECRETARY OF HEALTH AND HUMAN SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Dept of Health)	National Bioterrorism Hospital Preparedness Program	93.889	800-882-494	10,000	-	10,000	-	4

*The accompanying notes are an integral part of this schedule.*

**Lincoln County**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2017**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Dept of Social and Health Services)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	1563- 43867/1563- 42484	6,261	-	6,261	-	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Dept of Social and Health Services)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	1563- 43867/1563- 42484	4,768	-	4,768	-	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Dept of Social and Health Services)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	1763-94260	12,609	-	12,609	-	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Dept of Social and Health Services)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	1763-94260	19,612	-	19,612	-	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Dept of Social and Health Services)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	17BH02114	2,156	-	2,156	-	

*The accompanying notes are an integral part of this schedule.*

**Lincoln County**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2017**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Dept of Social and Health Services)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	16BH01920	15,556	-	15,556	-	
		Total CFDA 93.959:			60,962	-	60,962	-
		93.994	C17117	26,568	-	26,568	-	4
HEALTH RESOURCES AND SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Dept of Health)	Maternal and Child Health Services Block Grant to the States	97.012	3317AS517015 3	12,831	-	12,831	-	
U.S. COAST GUARD, HOMELAND SECURITY, DEPARTMENT OF (via WA State Parks & Recreation)	Boating Safety Financial Assistance	97.012	3318FAS18015 3	66,219	-	66,219	-	
Total CFDA 97.012:				79,050	-	79,050	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military Dept)	Emergency Management Performance Grants	97.042	J01704 Flood	118,558	-	118,558	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military Dept)	Emergency Management Performance Grants	97.042	E17-121	18,000	-	18,000	-	

*The accompanying notes are an integral part of this schedule.*

**Lincoln County**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2017**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
			<b>Total CFDA 97.042:</b>	<b>136,558</b>	<b>-</b>	<b>136,558</b>	<b>-</b>	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military Dept)	Homeland Security Grant Program	97.067	E17-055	14,591	-	14,591	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military Dept)	Homeland Security Grant Program	97.067	E17-082/SDEM -1616	19,805	-	19,805	-	
			<b>Total CFDA 97.067:</b>	<b>34,396</b>	<b>-</b>	<b>34,396</b>	<b>-</b>	
			<b>Total Federal Awards Expended:</b>	<b>3,183,481</b>	<b>-</b>	<b>3,183,481</b>	<b>-</b>	

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For Year Ended December 31, 2017

NOTE 1 – BASIS OF ACCOUNTING

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

NOTE 2 – PROGRAM COSTS

The amounts shown as current year expenditures represent only federal grant portions of the program costs. Entire program costs, including the County's portion, may be more than shown. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – NONCASH AWARDS – VACCINATIONS

The amount of vaccine reported on the schedule is the value of vaccine and syringes distributed by the County during the current year and priced as prescribed by the Department of Health. Lincoln County is no longer vaccinating clients.

NOTE 4 – INDIRECT COST RATE

The County has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

The amount expended may include an indirect cost recovery amount using an approved indirect cost rate of 20.63% (as approved by the Lincoln County Board of County Commissioners on February 6, 2017). For 2017, Public Health uses an indirect cost rate of 37.09%.

## ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

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

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

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

Contact information for the State Auditor's Office	
Public Records requests	<a href="mailto:PublicRecords@sao.wa.gov">PublicRecords@sao.wa.gov</a>
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
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