



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report
Jefferson County 9-1-1
Communications
(JeffCom)

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

Published February 7, 2019

Report No. 1023199





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

February 7, 2019

Board of Directors
JeffCom
Port Hadlock, Washington

Report on Financial Statements

Please find attached our report on the JeffCom financial statements.

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

Sincerely,

A handwritten signature in cursive script that reads "Pat McCarthy".

Pat McCarthy
State Auditor
Olympia, WA

TABLE OF CONTENTS

Schedule of Audit Findings and Responses.....	4
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.....	7
Independent Auditor's Report on Financial Statements.....	10
Financial Section.....	13
About the State Auditor's Office.....	21

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

JeffCom

January 1, 2017 through December 31, 2017

2017-001 The District's internal controls over financial statement preparation were inadequate to ensure accurate reporting of its financial statements.

Background

Administrative Board members, the public, state and federal agencies, and other interested parties rely on the information included in the financial statements and reports to make decisions. District management is responsible for designing and following internal controls that provide reasonable assurance regarding the reliability of financial reporting.

Description of Condition

Our audit identified the following deficiencies in internal controls over financial reporting that, when taken together, represent a material weakness. The District did not have controls in place to ensure:

- Sales tax revenues withheld by the County and used to make payments on the District's behalf were properly reported as revenues and expenditures on the District's statement of Fund Resources and Uses Arising from Cash Transactions
- The outstanding balance of the County's debt that the District was contractually obligated to pay was properly reported on the Schedule of Liabilities

Cause of Condition

The District did not dedicate the necessary staff time or resources, including training for staff, to ensure its financial reporting was accurate and complete. Staff responsible for financial statement preparation and review were unaware that a few pieces of information needed to be reported in the financial statements. This information included receipts and payments handled by the County rather than directly by the District, and debt not held in the District's name, but for which the District was obligated.

Effect of Condition

Financial reports cannot be relied upon by District officials, the public, state and federal agencies, and other interested parties if financial activity is not accurately reported. The above stated deficiencies resulted in the following misstatements on the original financial statements received for audit:

- Revenues were understated by \$254,650
- Expenditures were understated by \$254,650
- Miscellaneous liabilities of \$2,456,337 were not reported on the Schedule of Liabilities

The District corrected the misstatements identified above in its final financial statements.

Recommendations

We recommend the District establish an effective process to ensure it reports its financial activity and obligations on the financial statements in accordance with guidance from the *Budgeting, Accounting and Reporting System* (BARS) manual.

We further recommend the District provide adequate training to staff members responsible for financial statement preparation and review to ensure accurate and complete financial reporting.

District's Response

We believed that the sole responsibility for reporting and disclosing Jefferson County debt lay with the County. We came to this conclusion based on discussions with County Government and BIAS. We now understand that we have a duty to report and disclose and will comply with all such rules.

Effective immediately we will be receiving financial information from the County each month that will indicate the total tax revenue, tax revenue withheld to pay debt, and tax revenue transferred to our account. We have also received an updated debt schedule as there have been material changes to the debt schedule this past year.

Our revenues were understated and expenditures understated, not because we did not know that money was being held and used to pay debt, but because we were not aware that we were obligated to report that. We understand that obligation and will report appropriately. We did not report liabilities of the debt, but did report them on the Schedule of Liabilities – again, we were under the understanding that the County was responsible for this reporting, and not us.

This issue was a misunderstanding between several agencies, but is now understood. Going forward we will be reporting actual debt “miscellaneous liabilities” appropriately and will be reporting our full revenues and expenditures surrounding our tax revenue and debt payments.

Again, we appreciate your assistance and are happy to correct this oversight to ensure that we are complying with all statutes and rules. Your staff was very accommodating and helpful through the process.

Auditor’s Remarks

We appreciate the District’s commitment to resolve this finding and thank the District for its cooperation and assistance during the audit. We will review the corrective action taken during our next regular audit.

Applicable Laws and Regulations

RCW 43.09.200 Local government accounting – Uniform system of accounting, requires the State Auditor to prescribe the system of accounting and reporting for all local governments.

The *Budgeting, Accounting and Reporting System* (BARS) manual, 3.1.3, Accounting, Accounting Principles and Internal Control, Internal Control defines internal control, describes its purpose, and specifies each entity is responsible for establishing and maintaining an effective system of internal control throughout the government.

The *Budgeting, Accounting and Reporting System* (BARS) manual, 3.1.7.40, Accounting, Accounting Principles and Internal Control, Fund Types and Accounting Principles, Basis of Accounting specifies that revenues and expenditures should be recognized for all receipts and payments, whether handled by a fiscal agent or directly by the government.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 establishes reporting requirements related to significant deficiencies or material weaknesses in internal controls, instances of fraud or abuse, and noncompliance with provisions of law, regulations, contracts or grant agreements.

The American Institute of Certified Public Accounts defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 265, Communicating Internal Control Related Matters Identified in an Audit, paragraph 7.

**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**

JeffCom

January 1, 2017 through December 31, 2017

Board of Directors
JeffCom
Port Hadlock, 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 the JeffCom, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated January 31, 2019.

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

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Audit Findings and Responses, we identified certain deficiencies in internal control that we consider to be a material weakness.

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 District'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. We consider the deficiencies described in the accompanying Schedule of Audit Findings and Responses as Finding 2017-001 to be a material weakness.

COMPLIANCE AND OTHER MATTERS

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

DISTRICT'S RESPONSE TO FINDINGS

The District's response to the findings identified in our audit is described in the accompanying Schedule of Audit Findings and Responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 District'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 District'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 written in a cursive, flowing style.

Pat McCarthy
State Auditor
Olympia, WA

January 31, 2019

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

JeffCom January 1, 2017 through December 31, 2017

Board of Directors
JeffCom
Port Hadlock, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the JeffCom, for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's financial statements, as listed on page 13.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express 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 District'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 District'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, the JeffCom 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 the JeffCom, 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 District 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 the JeffCom, 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.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The Schedule of Liabilities is presented for purposes of additional analysis, as required by the prescribed BARS manual. This schedule is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2019 on our consideration of the District'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 District's internal control over financial reporting and compliance.



Pat McCarthy

State Auditor

Olympia, WA

January 31, 2019

FINANCIAL SECTION

JeffCom

January 1, 2017 through December 31, 2017

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2017

Notes to the Financial Statements – 2017

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2017

Jefferson County 9-1-1 Communications
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

		Total for All Funds (Memo Only)	001 General	300 CAPITAL EQUIPMENT
Beginning Cash and Investments				
30810	Reserved	-	-	-
30880	Unreserved	546,096	435,389	110,707
388 / 588	Prior Period Adjustments, Net	-	-	-
Revenues				
310	Taxes	-	-	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	1,121,467	1,121,467	-
340	Charges for Goods and Services	1,097,777	1,097,777	-
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	62,283	62,283	-
Total Revenues:		2,281,527	2,281,527	-
Expenditures				
520	Public Safety	2,182,656	2,182,656	-
Total Expenditures:		2,182,656	2,182,656	-
Excess (Deficiency) Revenues over Expenditures:		98,871	98,871	-
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	100,000	-	100,000
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	54,365	54,365	-
381, 395, 398	Other Resources	-	-	-
Total Other Increases in Fund Resources:		154,365	54,365	100,000
Other Decreases in Fund Resources				
594-595	Capital Expenditures	6,673	6,673	-
591-593, 599	Debt Service	-	-	-
597	Transfers-Out	100,000	100,000	-
585	Special or Extraordinary Items	-	-	-
586 / 589	Custodial Activities	360	360	-
Total Other Decreases in Fund Resources:		107,033	107,033	-
Increase (Decrease) in Cash and Investments:		146,203	46,203	100,000
Ending Cash and Investments				
5081000	Reserved	-	-	-
5088000	Unreserved	692,299	481,592	210,707
Total Ending Cash and Investments		692,299	481,592	210,707

The accompanying notes are an integral part of this statement.

Jefferson County 9-1-1 Communications
Notes to the Financial Statements
For the year ended (December 31, 2017)

Note 1 - Summary of Significant Accounting Policies

Jeffcom 911 was formed on October 30, 2012 by interlocal agreement between Jefferson County, the City of Port Townsend, and Jefferson County Fire Districts 1,2,3,4, and 5, and operates under the laws of the state of Washington applicable to an interlocal agency and 911 Communications District. The District is a special purpose government and provides 911 Emergency communications services to the entities that formed the Interlocal Agreement.

JeffCom 911 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 government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements. The following fund types are used:

GOVERNMENTAL FUND TYPES:

General Fund

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

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.

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 JeffCom 911 also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

C. Budgets

The District adopts annual appropriated budgets for two funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

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

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

Fund/Department	Final Appropriated Amounts	Actual Expenses	Variance
001 - General	\$ 2,192,546.31	\$2,055,841.44	\$136,704.87
300 – Capital Equipment	0.00	0.00	0.00
Total General Fund	\$ 2,192,546.31	\$ 2,055,841.44	\$ 136,704.87

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

D. Cash and Investments

The district has no investments

E. Capital Assets

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

F. Compensated Absences

Compensatory time may be accrued up to 60 hours and is payable upon separation or retirement.

Vacation leave may be accumulated up to 240 days with up to 80 hours carried forward between years and is payable upon separation or retirement. Sick leave may be accumulated 240 hours. PTO may be accumulated with no cap, carried forward between years and is payable upon separation or retirement. Upon disability or retirement employees do receive payment for unused sick leave of 25% of their accumulated balance. Payments are recognized as expenditures when paid. The accompanying Schedule 9 includes an estimated 7.65% additional amount for estimated payroll taxes. Comp time liability on schedule 9 will include an additional 11.18% employer liability

Note 2 – Risk Management

Jefferson County 911 is a member of the Washington Cities Insurance Authority (WCIA).

Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 168 Members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, errors or omissions, stop gap, employment practices and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$16 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$20 million per occurrence subject to aggregates and sublimits. The Board of Directors determines the limits and terms of coverage annually.

Insurance for property, automobile physical damage, fidelity, inland marine, and boiler and machinery coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that to \$300 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

In-house services include risk management consultation, loss control field services, and claims and litigation administration. WCIA contracts for certain claims investigations, consultants for personnel and land use issues, insurance brokerage, actuarial, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, and administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA.

Note 3 – Pension Plans

State Sponsored Pension Plans

Substantially all Districts' full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans, PERS1, PERS2 and PERS3.

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

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

Department of Retirement Systems
Communications Unit
PO Box 48380
Olympia, WA 985048380

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

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

PLAN	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$ 6,555.22	.001090 %	\$ 51,721
PERS1 UAAL Combined with PERS for reporting	\$ 40,648.22	.006758 %	\$ 320,672
PERS 2/3	\$ 53,089.88	.008692 %	\$ 302,005

Note 4 – Significant Commitments

Debt Guarantees

In 2007, the district guaranteed three bonds of Jefferson County, a legally separate entity. The outstanding balance is reported on the Schedule of Liabilities as a Miscellaneous Liability.

The district is required to make payment annually using its 911 sales and use tax revenue. The total amount of outstanding debt is \$2,456,337.

Note 5 - Other Disclosures

Interlocal agreements

JeffCom 911 was formed with an interlocal agreement between Jefferson County, the City of Port Townsend, and Jefferson County Fire Districts 1,2,3,4, and 5 in February of 2012. The District began operation in October of 2012, providing a single operation for emergency communications services within Jefferson County.

The District is governed by the JeffCom Administrative Board, a five (5) person board consisting of two officials from the county, City of Port Townsend, and the Fire Commissioners and Chief's associations of Jefferson County. The Board may set District Policy, and hire its Director. The board does not have the authority to levy taxes, though it may manage its own operations and distribution of funds within its budget.

JeffCom 911's funds are maintained as Agency funds by Jefferson County. The County administers levy and collection of E911 Excise taxes and makes debt services payments from those taxes for the purpose of paying down debt incurred in the formation of JeffCom 911. JeffCom 911 is not a party to this debt.

In October of 2014, JeffCom 911 entered into an ILA with Lincoln County for the purposes of gaining permission to buy phone technology off of their existing contract.

In March of 2016, JeffCom 911 entered into an ILA with the City of Port Angeles for 911 related administrative services in which the Executive Director of JeffCom now also administers the 911 center for Clallam County (Pencom).

Related Party Transactions

JeffCom 911 leases office space from Jefferson County. The County official in charge of administering the space, Phillip Morley, is an alternate member of JeffCom's Administrative Board. Ongoing maintenance or re-negotiation of this lease would occur between the County, represented by Philip Morley, and the Executive Director of JeffCom 9-1-1, Karl Hatton.

Note 6 – Deposits and Investments

All deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission.

Jefferson County 9-1-1 Communications
Schedule of Liabilities
For the Year Ended December 31, 2017

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absences		82,361	4,096	-	86,457
264.30	Pension Liabilities		967,399	-	293,000	674,399
263.99	Misc. Liabilities		2,659,825	-	203,488	2,456,337
Total Revenue and Other (non G.O.) Debt/Liabilities:			3,709,585	4,096	496,488	3,217,193
Total Liabilities:			3,709,585	4,096	496,488	3,217,193

ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

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

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