



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

**Financial Statements and Federal Single Audit  
Report**

**Lincoln County**

**For the period January 1, 2018 through December 31, 2018**

**Published September 19, 2019**

**Report No. 1024549**





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

September 19, 2019

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,

Pat McCarthy  
State Auditor  
Olympia, WA

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

### Lincoln County January 1, 2018 through December 31, 2018

#### 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 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, 2018 through December 31, 2018**

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, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County’s financial statements, and have issued our report thereon dated August 28, 2019.

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

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statements, we considered the County’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 written in a cursive, flowing style.

Pat McCarthy

State Auditor

Olympia, WA

August 28, 2019



**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, 2018 through December 31, 2018**

Board of Commissioners  
Lincoln County  
Davenport, Washington

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

We have audited the compliance of Lincoln County, 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, 2018. 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, 2018.

## **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 28, 2019

# INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

## Lincoln County January 1, 2018 through December 31, 2018

Board of Commissioners  
Lincoln County  
Davenport, Washington

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Lincoln County, for the year ended December 31, 2018, 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 cash and investments of Lincoln County, and its changes in cash and investments, for the year ended December 31, 2018, 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, 2018, 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 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 28, 2019 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.

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Pat McCarthy

State Auditor

Olympia, WA

August 28, 2019

## **FINANCIAL SECTION**

### **Lincoln County January 1, 2018 through December 31, 2018**

#### **FINANCIAL STATEMENTS**

Fund Resources and Uses Arising from Cash Transactions – 2018  
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2018  
Notes to Financial Statements – 2018

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

Schedule of Liabilities – 2018  
Schedule of Expenditures of Federal Awards – 2018  
Notes to the Schedule of Expenditures of Federal Awards – 2018



**Lincoln County**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2018**

		<b>Total for All Funds (Memo Only)</b>	<b>001 Current Expense</b>	<b>102 Public Health</b>	<b>103 Counseling Serv</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	1,264,000	116,381	-	3,053
30880	Unreserved	6,667,907	2,378,125	90,847	25,185
388 / 588	Prior Period Adjustments, Net	-	-	-	-
<b>Revenues</b>					
310	Taxes	6,252,421	3,115,755	102,215	3,041
320	Licenses and Permits	207,466	138,903	61,188	-
330	Intergovernmental Revenues	14,283,500	1,708,624	376,500	4
340	Charges for Goods and Services	4,409,358	1,853,355	54,100	-
350	Fines and Penalties	504,468	502,642	-	-
360	Miscellaneous Revenues	3,294,880	575,491	2,837	-
Total Revenues:		28,952,092	7,894,768	596,840	3,044
<b>Expenditures</b>					
510	General Government	6,287,166	4,524,467	-	-
520	Public Safety	3,882,345	3,046,998	-	-
530	Utilities	530,529	-	-	-
540	Transportation	9,118,626	-	-	-
550	Natural and Economic Environment	533,280	179,935	-	-
560	Social Services	1,002,846	11,091	496,919	10,585
570	Culture and Recreation	240,628	100,443	-	-
Total Expenditures:		21,595,420	7,862,934	496,919	10,585
Excess (Deficiency) Revenues over Expenditures:		7,356,672	31,836	99,921	(7,540)
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	923,018	624,966	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	97,006	18,749	-	-
381, 395, 398	Other Resources	435,007	152,973	-	-
Total Other Increases in Fund Resources:		1,455,030	796,688	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	7,180,595	298,207	1,535	-
591-593, 599	Debt Service	312,946	2,687	-	-
597	Transfers-Out	923,018	69,872	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	23,840	6,142	-	-
581	Other Uses	401,621	124,621	-	-
Total Other Decreases in Fund Resources:		8,842,021	501,529	1,535	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(30,317)</b>	<b>326,995</b>	<b>98,386</b>	<b>(7,540)</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	1,314,250	171,985	-	3,053
5088000	Unreserved	6,587,339	2,649,515	189,233	17,645
<b>Total Ending Cash and Investments</b>		<b>7,901,589</b>	<b>2,821,500</b>	<b>189,233</b>	<b>20,698</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, 2018**

		<b>104 Developmental Dis</b>	<b>105 County Fair</b>	<b>106 Veteran's Assist</b>	<b>107 County Road</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	7,068	-	13,684	-
30880	Unreserved	-	397	-	1,344,263
388 / 588	Prior Period Adjustments, Net	-	-	-	-
<b>Revenues</b>					
310	Taxes	27,030	91	3,807	1,649,091
320	Licenses and Permits	-	-	-	7,375
330	Intergovernmental Revenues	72,103	29,392	0	10,883,665
340	Charges for Goods and Services	-	24,261	-	132,787
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	539	46,734	163	65,979
Total Revenues:		99,672	100,478	3,970	12,738,897
<b>Expenditures</b>					
510	General Government	-	-	-	224,455
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	6,943,884
550	Natural and Economic Environment	-	-	-	-
560	Social Services	101,291	-	6,227	-
570	Culture and Recreation	-	135,326	-	-
Total Expenditures:		101,291	135,326	6,227	7,168,339
Excess (Deficiency) Revenues over Expenditures:		(1,619)	(34,848)	(2,257)	5,570,558
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	40,000	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	25	3,777	-	10,117
381, 395, 398	Other Resources	45	-	-	-
Total Other Increases in Fund Resources:		70	43,777	-	10,117
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	4,934	-	5,896,489
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	240,885
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	25	450	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		25	5,384	-	6,137,374
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(1,574)</b>	<b>3,545</b>	<b>(2,257)</b>	<b>(556,699)</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	5,494	-	11,426	-
5088000	Unreserved	-	3,943	-	787,565
<b>Total Ending Cash and Investments</b>		<b>5,494</b>	<b>3,943</b>	<b>11,426</b>	<b>787,565</b>

**Lincoln County**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2018**

		<b>108 Treasurer's M&amp;O</b>	<b>109 Auditor's M&amp;O</b>	<b>113 Alcohol/Drug</b>	<b>114 Affordable Housing</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	43,829	26,039	-	14,129
30880	Unreserved	-	-	10,191	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	2,925	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	44,123	410,316	-
340	Charges for Goods and Services	23,499	9,549	15,038	15,813
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	681	1	4,091	-
Total Revenues:		24,180	53,673	432,371	15,813
<b>Expenditures</b>					
510	General Government	32,847	46,037	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	376,733	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		32,847	46,037	376,733	-
Excess (Deficiency) Revenues over Expenditures:		(8,667)	7,636	55,638	15,813
<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	195	1,969	1,852	10,000
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:		195	1,969	1,852	10,000
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(8,862)</b>	<b>5,667</b>	<b>53,786</b>	<b>5,813</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	34,967	31,705	-	19,941
5088000	Unreserved	-	-	63,977	-
<b>Total Ending Cash and Investments</b>		<b>34,967</b>	<b>31,705</b>	<b>63,977</b>	<b>19,941</b>

**Lincoln County**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2018**

		<b>115 Law Library</b>	<b>117 LC Tourism</b>	<b>118 Reet Technology</b>	<b>119 Trial Court Improv</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	-	27,686	89,127	47,749
30880	Unreserved	127,503	-	-	47,749
388 / 588	Prior Period Adjustments, Net	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	23,350	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	9,415	17,167
340	Charges for Goods and Services	39,263	-	2,170	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	799	-	5,709	291
Total Revenues:		40,062	23,350	17,294	17,458
<b>Expenditures</b>					
510	General Government	-	-	13,682	114,016
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	18,204	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	4,860	-	-	-
Total Expenditures:		4,860	18,204	13,682	114,016
Excess (Deficiency) Revenues over Expenditures:		35,202	5,146	3,612	(96,558)
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	17,167
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	17,167
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	72,679	-	-	10,837
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:		72,679	-	-	10,837
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(37,477)</b>	<b>5,146</b>	<b>3,612</b>	<b>(90,228)</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	-	32,833	92,739	2,635
5088000	Unreserved	90,025	-	-	2,635
<b>Total Ending Cash and Investments</b>		<b>90,025</b>	<b>32,833</b>	<b>92,739</b>	<b>5,270</b>

**Lincoln County**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2018**

		<b>122 Homeless Housing</b>	<b>124 Crime Victims</b>	<b>125 Traffic Policing</b>	<b>129 Marine Enforce</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	80,632	159,698	-	-
30880	Unreserved	-	-	8,110	17,401
388 / 588	Prior Period Adjustments, Net	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	506,470	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	699	23,988
340	Charges for Goods and Services	95,214	13,037	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	-	-	590
Total Revenues:		95,214	13,037	507,169	24,579
<b>Expenditures</b>					
510	General Government	-	11,255	-	-
520	Public Safety	-	-	8,110	19,485
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	11,255	8,110	19,485
Excess (Deficiency) Revenues over Expenditures:		95,214	1,782	499,059	5,093
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	35,000	-	-	-
381, 395, 398	Other Resources	-	-	-	10,600
Total Other Increases in Fund Resources:		35,000	-	-	10,600
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	84,500	-	-	7,874
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	502,261	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		84,500	-	502,261	7,874
<b>Increase (Decrease) in Cash and Investments:</b>		<b>45,714</b>	<b>1,782</b>	<b>(3,202)</b>	<b>7,819</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	126,345	161,480	-	-
5088000	Unreserved	-	-	4,909	25,220
<b>Total Ending Cash and Investments</b>		<b>126,345</b>	<b>161,480</b>	<b>4,909</b>	<b>25,220</b>

**Lincoln County**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2018**

		<b>131 Sex Offender Reg</b>	<b>132 Enhanced 911</b>	<b>133 Emergency Comm</b>	<b>134 Dom Violence</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	-	-	-	18,155
30880	Unreserved	44,291	116,051	161,206	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	105,056	160,349	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	23,750	473,125	-	-
340	Charges for Goods and Services	352	-	-	12,044
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	274	3,000	-
Total Revenues:		24,102	578,455	163,349	12,044
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	11,563	570,782	106,606	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		11,563	570,782	106,606	-
Excess (Deficiency) Revenues over Expenditures:		12,539	7,673	56,743	12,044
<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	3,884	864	3,499	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	20,000	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		3,884	864	23,499	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>8,655</b>	<b>6,809</b>	<b>33,244</b>	<b>12,044</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	-	-	-	30,199
5088000	Unreserved	52,947	122,860	194,450	-
<b>Total Ending Cash and Investments</b>		<b>52,947</b>	<b>122,860</b>	<b>194,450</b>	<b>30,199</b>

**Lincoln County**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2018**

		<b>136 Public Defense</b>	<b>150 Weed Board</b>	<b>151 Court Facilitator</b>	<b>160 Public Safety</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	2,052	-	-	-
30880	Unreserved	-	16,675	5,763	120,165
388 / 588	Prior Period Adjustments, Net	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	265,407
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	19,621	-	-	-
340	Charges for Goods and Services	-	608	43,681	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	199,547	262	-
Total Revenues:		19,621	200,155	43,943	265,407
<b>Expenditures</b>					
510	General Government	16,877	-	22,615	-
520	Public Safety	-	-	-	118,802
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	205,641	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		16,877	205,641	22,615	118,802
Excess (Deficiency) Revenues over Expenditures:		2,744	(5,486)	21,328	146,605
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	684	-	-
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	684	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	5,858	-	15,614
591-593, 599	Debt Service	-	-	-	1,100
597	Transfers-Out	-	-	-	25,000
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	27,000
Total Other Decreases in Fund Resources:		-	5,858	-	68,714
<b>Increase (Decrease) in Cash and Investments:</b>		<b>2,744</b>	<b>(10,660)</b>	<b>21,328</b>	<b>77,891</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	4,796	-	-	-
5088000	Unreserved	-	6,015	27,091	198,056
<b>Total Ending Cash and Investments</b>		<b>4,796</b>	<b>6,015</b>	<b>27,091</b>	<b>198,056</b>

**Lincoln County**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2018**

		<b>207 LTGO Bond</b>	<b>265 Consolidated RID</b>	<b>305 Capital Improve</b>	<b>315 Rural Co Develop</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	-	14,985	413,783	185,950
30880	Unreserved	-	-	-	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	142,510	145,322
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	49,814
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	1,827	-	-
360	Miscellaneous Revenues	-	56,878	0	-
Total Revenues:		-	58,705	142,510	195,136
<b>Expenditures</b>					
510	General Government	-	-	1,117	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	129,500
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	1,117	129,500
Excess (Deficiency) Revenues over Expenditures:		-	58,705	141,393	65,636
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	240,885	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		240,885	-	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	164,715	-
591-593, 599	Debt Service	240,885	63,389	-	-
597	Transfers-Out	-	-	-	65,000
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	2,698	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		240,885	66,087	164,715	65,000
<b>Increase (Decrease) in Cash and Investments:</b>		-	<b>(7,382)</b>	<b>(23,322)</b>	<b>636</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	-	7,603	390,461	186,586
5088000	Unreserved	-	-	-	-
<b>Total Ending Cash and Investments</b>		-	<b>7,603</b>	<b>390,461</b>	<b>186,586</b>



**Lincoln County**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2018**

		<b>405 Professional Bldg</b>	<b>410 Solid Waste</b>	<b>510 Equip Rental &amp; Rev</b>	<b>520 Pits &amp; Quarries</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	-	-	-	-
30880	Unreserved	3,888	56,947	1,179,345	241,964
388 / 588	Prior Period Adjustments, Net	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	141,193	-	-
340	Charges for Goods and Services	-	402,816	-	761,245
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	5,000	1,484	2,323,132	1,400
Total Revenues:		5,000	545,493	2,323,132	762,645
<b>Expenditures</b>					
510	General Government	3,358	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	530,529	-	-
540	Transportation	-	-	1,597,699	577,043
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		3,358	530,529	1,597,699	577,043
Excess (Deficiency) Revenues over Expenditures:		1,642	14,964	725,433	185,602
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	7,513	21,065	76
381, 395, 398	Other Resources	-	-	250,000	4,270
Total Other Increases in Fund Resources:		-	7,513	271,065	4,346
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	1,094	593,997	-
591-593, 599	Debt Service	-	-	-	4,886
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	14,449	-	76
581	Other Uses	-	-	-	250,000
Total Other Decreases in Fund Resources:		-	15,544	593,997	254,962
<b>Increase (Decrease) in Cash and Investments:</b>		<b>1,642</b>	<b>6,933</b>	<b>402,501</b>	<b>(65,014)</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	-	-	-	-
5088000	Unreserved	5,529	63,881	1,581,845	176,951
<b>Total Ending Cash and Investments</b>		<b>5,529</b>	<b>63,881</b>	<b>1,581,845</b>	<b>176,951</b>

**Lincoln County**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2018**

		<b>540 Employee Self-Ins</b>
<b>Beginning Cash and Investments</b>		
30810	Reserved	-
30880	Unreserved	671,839
388 / 588	Prior Period Adjustments, Net	-
<b>Revenues</b>		
310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	-
340	Charges for Goods and Services	910,526
350	Fines and Penalties	-
360	Miscellaneous Revenues	-
Total Revenues:		910,526
<b>Expenditures</b>		
510	General Government	1,276,438
520	Public Safety	-
530	Utilities	-
540	Transportation	-
550	Natural and Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		1,276,438
Excess (Deficiency) Revenues over Expenditures:		(365,912)
<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	17,118
Total Other Increases in Fund Resources:		17,118
<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>(348,794)</b>
<b>Ending Cash and Investments</b>		
5081000	Reserved	-
5088000	Unreserved	323,045
<b>Total Ending Cash and Investments</b>		<b>323,045</b>

**Lincoln County**  
**Fiduciary Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2018**

		<b>Total for All Funds (Memo Only)</b>	<b>Private-Purpose Trust</b>	<b>Agency</b>
308	Beginning Cash and Investments	34,276,780	38,978	34,237,801
388 & 588	Prior Period Adjustment, Net	-	-	-
310-390	Additions	88,951,426	5,165	88,946,261
510-590	Deductions	90,899,861	20,296	90,879,565
	Net Increase (Decrease) in Cash and Investments:	(1,948,435)	(15,131)	(1,933,304)
508	Ending Cash and Investments	32,328,344	23,847	32,304,497

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

LINCOLN COUNTY, WASHINGTON

NOTES TO FINANCIAL STATEMENTS

January 1, 2018 through December 31, 2018

**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 except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. 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.

#### Permanent Funds

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

### **PROPRIETARY FUND TYPES:**

#### Enterprise Funds

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.

#### Custodial 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. 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.

d. 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.

e. Compensated Absences

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

Sick leave may be accumulated up to 1200 hours. Upon separation or retirement, employees do receive payment for unused sick leave. Unused sick leave 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, 2018 was \$579,713.19, for accumulated unused sick leave was \$475,125.20 and for Public Works accumulated unused comp time was \$0.00 for a total of \$1,054,838.39.

f. Long-Term Debt

See Note # 6, Debt Service Requirements.

g. Reserved Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments is reported as reserved when it is subject to restrictions on use imposed by external parties or due to internal commitments established by 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	\$ 5,494	Statutory requirement – mental health services
Veteran's Assistance	\$ 11,426	Statutory requirement – honorable discharge veterans
Treasurer's M&O	\$ 34,967	Statutory requirement – foreclosure fees
Auditor's M&O	\$ 31,705	Statutory requirement – document surcharge
Special Funded Services	\$ -	Internal restrictions-retained earnings, insurance & building reserve
Affordable Housing	\$ 19,941	Statutory requirement limiting expenditures – document surcharge
Davenport Special Reserve	\$ 33,633	External restrictions – Davenport contract with Sheriff's Office
Lincoln County Tourism	\$ 32,833	Statutory requirement – hotel/motel tax
REET Technology	\$ 92,739	Statutory requirement – electronic technology fee
Trial Court Improvement	\$ 2,635	Statutory requirement – judicial salary
Homeless Housing	\$ 126,345	Statutory requirement – document surcharge
Criminal Anti-Profitteering	\$ 2,455	Statutory requirement – statewide apportionment
Crime Victims	\$ 161,480	Statutory requirement – crime victim and witness fees
Domestic Violence	\$ 30,199	Statutory requirement – document surcharge
Public Defense	\$ 4,796	Statutory requirement – state entitlement/public defense
		Statutory requirement – 434 CDBG grant/low income housing improvement
Housing Rehab Project	\$ 61,376	
Wilbur Special Reserve	\$ 74,520	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	\$ 7,603	External restrictions – road improvement district bond repayment
Capital Improvements	\$ 390,461	Statutory requirement – real estate excise tax
Rural County Development	\$ 186,586	Statutory requirement – rural county sales and use tax
Solid Waste	\$ -	External restrictions – grant funding
 TOTAL RESERVED FUNDS	 \$ 1,314,247	

## **Note 2 – Budget Compliance**

The County adopts annual appropriated budgets 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:

<b>Fund/Department</b>	<b>2018 BUDGET APPROPRIATIONS</b>		
	<b>Final Appropriated Amounts</b>	<b>Actual Expenditures</b>	<b>Variance</b>
General Fund:			
Assessor	356,866	337,320	19,546
Auditor	371,148	345,886	25,262
Board of Equalization	4,334	439	3,895
Civil Service	4,433	1,293	3,140
Clerk	326,052	298,080	27,972
Commissioners	407,798	395,664	12,134
Planning	185,706	185,706	0
Cooperative Extension	96,530	86,794	9,736
Coop Ext-Bulletin	250	64	186
Coroner	11,092	11,091	1
Courthouse	357,417	357,416	1
Data Processing	278,525	240,853	37,672
Information Services	295,583	291,013	4,570
E911 Computer Access Dispatch	557,816	440,717	117,099
District Court	251,386	251,386	0
Probation	81,273	78,351	2,922
Jail	848,908	848,907	1
Juvenile Services	139,806	139,806	0
Consolidated Juv Serv	56,561	56,560	1
CJAA	3,000	(625)	3,625
Community Litter Cleanup	1,177	425	752
BECCA Bill Grant	22,004	22,004	0
Non-Departmental	439,400	416,971	22,429
Prosecuting Attorney	485,725	485,700	25
Stop Grant - Prosecuting Attorney	15,232	11,482	3,750
Sheriff Administration	517,870	514,758	3,112
Sheriff Operations	1,178,644	1,163,291	15,353
Stop Grant - Sheriff	15,910	15,910	0
Marijuana Eradication	100	-	100
Davenport Law Enforcement	315,000	287,494	27,506
Wilbur Law Enforcement	142,000	128,601	13,399
Superior Court	248,960	248,960	0
Treasurer	368,527	368,526	1
Welfare	700	-	700
Other Financing Uses	69,872	69,872	0
Non Expenditures	247	128	119

Election	111,815	105,170	6,645
Special Funded Services	143,478	143,477	1
Davenport Special Reserve Fund	-	-	-
Youth Programs	11,632	11,630	2
Education & Grant Fund	13,320	1,954	11,366
Criminal Antiprofitteering	2,454	-	2,454
Drug Enforcement	12,285	-	12,285
Seized/Forfeited Property	5,900	38	5,863
DARE	3,310	1,107	2,203
Unemployment Insurance	5,000	-	5,000
Housing Rehab Project	300	244	56
Wilbur Special Reserve	-	-	-
Total General Fund	8,765,346	8,364,463	400,883
			-
Public Health	602,728	498,454	104,274
Counseling Services	25,525	10,585	14,940
Developmental Disabilities	118,915	101,291	17,624
County Fair	155,685	140,709	14,976
Veterans Assistance	13,800	6,227	7,573
County Road	13,305,713	13,305,713	0
Treasurer's M&O	39,240	33,042	6,198
Auditor's M&O	84,668	48,006	36,662
Alcohol/Drug Services	378,585	378,585	0
Affordable Housing Trust	10,000	10,000	-
Law Library	78,534	77,539	995
Lincoln County Tourism	18,204	18,204	0
REET Technology Fund	21,000	13,682	7,318
Trial Court Improvement	124,854	124,853	1
Homeless Housing	84,500	84,500	-
Crime Victims	35,500	11,255	24,245
Traffic Policing	510,371	510,371	0
Marine Enforcement/Education	27,360	27,359	1
Sex Offender Registration	25,833	15,447	10,386
Enhanced 911	624,527	571,646	52,881
Emergency Communications	234,510	130,105	104,405
Domestic Violence Prevention	13,000	-	13,000
Public Defense Service	20,201	16,877	3,324
Noxious Weed Control Board	257,600	211,499	46,101
Court Facilitator	23,005	22,615	390
Public Safety	189,376	187,516	1,860
Lincoln County LTGO Bond	240,885	240,885	-
Consolidated RID No. 09-01 Bond	138,500	66,087	72,413
Capital Improvements	254,675	165,832	88,843
Rural County Development	209,500	194,500	15,000
Professional Building Fund	4,800	3,358	1,442
Solid Waste Management	546,073	546,072	1
Equipment Rental & Revolving	2,622,500	2,191,697	430,803
Pits & Quarries	832,005	832,005	0
Employee Self-Insurance	1,276,439	1,276,438	1
Foreclosure Surplus	20,297	20,296	1



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

### **Note 3 – Deposits and Investments**

It is the County's policy to invest all temporary cash surpluses. The interest on these investments is posted to the Current Expense Fund.

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, 2018 are as follows:

Type of Investment	Lincoln County's own Investments	Investments held by Lincoln County as an agent for other governments, individuals or private organizations	Total
L.G.I.P.	\$253,000	\$28,379,127	\$28,632,127
US Government Securities	\$0	\$11,687,310	\$11,687,310
Other: MMA	\$0	\$0	\$0
Total	\$253,000	\$40,066,437	\$40,319,437

### **Note 4 – Property Tax**

The County Treasurer acts as an agent to collect property tax 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 2018 was \$1.47706 per \$1,000 on assessed valuation of \$1,463,492,924 for a total regular levy of \$2,161,667.

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 2018 of \$1.74172 per \$1,000 on assessed valuation of \$1,221,067,849 totaled \$2,126,758. The levy was split between the County Road fund at \$1.33224 per thousand of the assessed valuation in the amount of \$1,626,755; and the Traffic Policing fund at \$0.40948 per thousand in the amount of \$500,003.

#### **Note 5 – Interfund Loans**

The following table displays interfund loan activity during 2018.

<b>Borrowing</b>	<b>Lending</b>	<b>Balance</b>	<b>New</b>		<b>Balance</b>
<b>Fund</b>	<b>Fund</b>	<b>1/1/2018</b>	<b>Loans</b>	<b>Repayments</b>	<b>12/31/2018</b>
Sunny Hills RID	Special Funded Svc	0	0	0	0
Current Expense	*Special Funded Svc	116,678	143,477	82,502	177,654
County Fair	Special Funded Svc	-	0	-	0
Pits & Quarries	Equipment Rental & Revolving	250,000	-	250,000	0
<b>TOTALS</b>		<b>366,678</b>	<b>143,477</b>	<b>332,502</b>	<b>177,654</b>

\* The Special Funded Services fund is a special revenue fund that is rolled up into the current expense fund for reporting purposes as it does not meet the 20% reserved ending cash and investments rule in the BARS manual

#### **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, 2018. The debt service requirements for general obligation bonds, revenue bonds and long term general obligation bond (maintenance facility) are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	105,689	135,196	240,885
2024-2028	584,420	620,005	1,204,425
2029-2033	689,927	514,498	1,204,425
2034-2038	814,480	389,945	1,204,425
2039-2043	961,519	242,906	1,204,425
2044-2048	849,768	70,772	920,540
<hr/>			
	4,395,163	2,547,502	6,942,665

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, 2018 is \$72,675.

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 – 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 \$32,304,499 in custodial deposits reported in the statement of Fiduciary Fund Resources and Uses Arising from Cash Transactions for the year ended December 31, 2018. In addition, these amounts are now required to be presented by fund type rather than by individual fund.

#### **Note 8 – Pension Plans**

Substantially all County 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 (PERS, LEOFF or PSERS).

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 98540-8380

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

At June 30, 2018 (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 Nonemployer Allocations		DRS-Schedule of Collective Pension Amounts	Ending Balance 12/31/2018
	Employer Contributions	Allocation Percentage		
PERS 1 - 0541	\$ -	0.000000%	4,466,034,000	-
PERS 1 - 0542	\$ -	0.000000%	-	-
PERS 1 UAAL- 0541	\$ 168,448	0.025201%	4,466,034,000	1,125,485
PERS 1 UAAL- 0542	\$ 198,527	0.029701%	4,466,034,000	1,326,457
PERS 2 and 3-0541	\$ 248,608	0.032219%	1,707,411,000	550,111
PERS 2 and 3-0542	\$ 222,978	0.028898%	1,707,411,000	493,408
Public Safety ERS 2	\$ 63,719	0.241277%	1,239,000	2,989
SERS 2 and 3			299,062,000	-
TRS 1			2,920,592,000	-
TRS 2 and 3			450,114,000	-
	902,280.18		<i>Total Net Pension Liability (Schedule 09)</i>	3,498,450
LEOFF 1	0.00	0.006108%	(1,815,502,000)	(110,891)
LEOFF 2	69,231.57	0.039924%	(2,030,218,000)	(810,544)
			<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 9 - 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 a \$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, 2018 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 - \$949,978.60

Payments on Claims - \$949,978.60

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 \$326,459.56 from the Employee Self-Insurance Fund for Professional Services (not related to claims).

#### **Note 10 – 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.

#### **Other Financing Sources or Uses**

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

Transfers Out		Transfers In	
Current Expense	\$69,872.00	Current Expense	\$572,261.00
County Roads	\$240,885.00	County Fair	\$40,000.00
Traffic Policing	\$502,261.00	Davenport Special Reserve	\$8,922.00
Emergency Comm	\$20,000.00	Trial Court Improvement	\$17,167.00
Public Safety	\$25,000.00	Wilbur Special Reserve	\$43,783.00
Rural Co Development	\$65,000.00	LC LTGO Bond	\$240,885.00
<b>TOTAL OUT</b>	<b>\$923,018.00</b>	<b>TOTAL IN</b>	<b>\$923,018.00</b>

#### **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 reconveyed 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 appealed the case to the Washington Supreme Court. The Supreme Court reversed the lower court as to gender discrimination and misrepresentation. This matter is now back in Superior Court litigation, with a trial date of December 2, 2019.

### **Unlawful Labor Practice Complaints**

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. The PERC hearing examiner found that both parties had refused to bargain (Unfair Labor Practice). Both parties have appealed to the full PERC Board. The full PERC Board upheld the hearing examiner. Both parties have appealed the PERC ruling. The Teamsters filed its Petition for Review with the Thurston County Superior Court. Lincoln County filed its Petition for review with the Lincoln County Superior Court. Venue arguments were heard and ultimately the Thurston County Superior Court held that venue was proper in Lincoln County. The Teamsters appealed that ruling to Division II of the Court of Appeals. Meanwhile, the Lincoln County Superior Court has yet to hear oral arguments. These cases are still pending.

### **Claims for Damages**

#### **2 claims by Eugene C. Petty**

1) On December 28, 2018, Lincoln County received a Claim for Damages from the law firm of Phelps & Associates alleging physical and emotional injuries sustained by Eugene C. Petty as the result of "unreasonable and excessive force" used by Lincoln County Deputy Chad Cunningham during an arrest of Mr. Petty. This claim has been forwarded to the Lincoln County insurance carrier for further investigation and handling. No formal complaint has been filed to date.

2) On December 28, 2018, Lincoln County received a Claim for Damages from the law firm of Phelps & Associates alleging physical and emotional injuries sustained by Eugene C. Petty as the result of "unreasonable and excessive force" used by Lincoln County Deputy Lucas Mallon during an arrest of Mr. Petty. This claim has been forwarded to the Lincoln County insurance carrier for further investigation and handling. No formal complaint has been filed to date.

**Lincoln County**  
**Schedule of Liabilities**  
**For the Year Ended December 31, 2018**

<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	4/18/2047	4,500,000	-	104,837	4,395,163
	<b>Total General Obligation Debt/Liabilities:</b>		<b>4,500,000</b>	<b>-</b>	<b>104,837</b>	<b>4,395,163</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
259.12	Compensated Absences		968,573	86,265	-	1,054,838
264.30	Net Pension Liability		4,153,317	-	654,867	3,498,450
	<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>		<b>5,121,890</b>	<b>86,265</b>	<b>654,867</b>	<b>4,553,288</b>
<b>Assessment Debt/Liabilities (with commitments)</b>						
253.11	CRID 09-01 Bond	6/1/2021	128,725	-	56,051	72,675
	<b>Total Assessment Debt/Liabilities (with commitments):</b>		<b>128,725</b>	<b>-</b>	<b>56,051</b>	<b>72,675</b>
	<b>Total Liabilities:</b>		<b>9,750,616</b>	<b>86,265</b>	<b>815,755</b>	<b>9,021,126</b>



**Lincoln County**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2018**

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		
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	CLH1852	61,583	-	61,583	-	4
		10.557	CLH1852	8,326	-	8,326	-	4
		Total CFDA 10.557:			69,909	-	69,909	-
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via Washington State Dept of Health)	WIC Farmers' Market Nutrition Program (FMNP)	10.572	CLH1852	176	-	176	-	4
NATIONAL PARK SERVICE, INTERIOR, DEPARTMENT OF THE	Natural Resource Stewardship	15.944	J01708 Porcupine Land	-	250,000	250,000	-	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via WA Dept of Commerce)	Crime Victim Assistance	16.575	F18-31102-520	33,040	-	33,040	-	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via WA Dept of Commerce)	Crime Victim Assistance	16.575	S18-31102-520	30,062	-	30,062	-	
			Total CFDA 16.575:	63,102	-	63,102	-	
OFFICE ON VIOLENCE AGAINST WOMEN (OVW), JUSTICE, DEPARTMENT OF (via WA Dept of Community Trade & Economic Development)	Violence Against Women Formula Grants	16.588	F17-31103-008	12,288	-	12,288	-	

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

**Lincoln County**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2018**

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	F17-31103-009	15,278	-	15,278	-	
<b>Total CFDA 16.588:</b>				<b>27,566</b>	<b>-</b>	<b>27,566</b>	<b>-</b>	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via WA State Military Department)	Bulletproof Vest Partnership Program	16.607	FY2016BVP	816	-	816	-	
<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	194,176	-	194,176	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA Dept of Transportation)	Highway Planning and Construction	20.205	G-1023	4,831	-	4,831	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA Dept of Transportation)	Highway Planning and Construction	20.205	G-1026	36,770	-	36,770	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA Dept of Transportation)	Highway Planning and Construction	20.205	G-1027	10,306	-	10,306	-	

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

**Lincoln County**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2018**

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-1030	1,636	-	1,636	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA Dept of Transportation)	Highway Planning and Construction	20.205	G-1031	137,867	-	137,867	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA Dept of Transportation)	Highway Planning and Construction	20.205	G-1032	1,965	-	1,965	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA Dept of Transportation)	Highway Planning and Construction	20.205	G-1033	10,981	-	10,981	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA Dept of Transportation)	Highway Planning and Construction	20.205	J01708 Porcupine Land	3,161,747	-	3,161,747	-	
<b>Total Highway Planning and Construction Cluster:</b>				<b>3,560,279</b>	<b>-</b>	<b>3,560,279</b>	<b>-</b>	
<b>Highway Safety Cluster</b>								
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Association of Sheriffs & Police Chiefs)	State and Community Highway Safety	20.600	Letter	2,055	-	2,055	-	

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**Lincoln County**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2018**

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		
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Association of Sheriffs & Police Chiefs)	State and Community Highway Safety	20.600	Letter	3,259	-	3,259	-	
			<b>Total CFDA 20.600:</b>	<b>5,314</b>	-	<b>5,314</b>	-	
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA Traffic Safety Commission)	National Priority Safety Programs	20.616	LCSO 0002424- 10	2,267	-	2,267	-	
			<b>Total Highway Safety Cluster:</b>	<b>7,581</b>	-	<b>7,581</b>	-	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Dept of Health)	Public Health Emergency Preparedness	93.069	CLH18252	19,982	-	19,982	-	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	3,594	-	3,594	-	
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	42,413	-	42,413	-	
			<b>Total CFDA 93.243:</b>	<b>46,007</b>	-	<b>46,007</b>	-	

The accompanying notes are an integral part of this schedule.

**Lincoln County**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2018**

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		
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Dept of Health)	Immunization Cooperative Agreements	93.268	CLH18252	4,100	-	4,100	-	4
	Immunization Cooperative Agreements	93.268	CLH18252	1,586	-	1,586	-	4
	Immunization Cooperative Agreements	93.268	CLH18252	743	-	743	-	4
	Immunization Cooperative Agreements	93.268	CLH18252	427	-	427	-	4
<b>Total CFDA 93.268:</b>				<b>6,856</b>	<b>-</b>	<b>6,856</b>	<b>-</b>	
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	143,708	-	143,708	-	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	17BH02114	192,382	-	192,382	-	

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**Lincoln County**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2018**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Expenditures				Passed through to Subrecipients	Note
			Other Award Number	From Pass- Through Awards	From Direct Awards	Total		
			Total Medicaid Cluster:				-	-
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	5,574	-	5,574	-	4
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	20,222	-	20,222	-	
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	1863-34806	4,844	-	4,844	-	
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	17BH02117	8,005	-	8,005	-	
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	14,157	-	14,157	-	

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

**Lincoln County**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2018**

	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	1863-34806	26,581	-	26,581	-	
				<b>Total CFDA 93.959:</b>	<b>73,809</b>	-	<b>73,809</b>	-	
	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	93.994	CLH18252	35,887	-	35,887	-	
	U.S. COAST GUARD, HOMELAND SECURITY, DEPARTMENT OF (via WA State Parks & Recreation)	Boating Safety Financial Assistance	97.012	LE: MLE1026	14,030	-	14,030	-	
	FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military Dept)	Emergency Management Performance Grants	97.042	J01704 Flood	176,650	-	176,650	-	
	FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military Dept)	Emergency Management Performance Grants	97.042	E17-121	20,606	-	20,606	-	
				<b>Total CFDA 97.042:</b>	<b>197,256</b>	-	<b>197,256</b>	-	

**Lincoln County**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2018**

	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 EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military Dept)	Pre-Disaster Mitigation	97.047	E18-011	27,580	-	27,580	-	
	FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military Dept)	Homeland Security Grant Program	97.067	E18-163/SDEM -1716	19,923	-	19,923	-	
<b>Total Federal Awards Expended:</b>					<b>4,512,423</b>	<b>250,000</b>	<b>4,762,423</b>	<b>-</b>	



NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For Year Ended December 31, 2018

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 18.51% (as approved by the Lincoln County Board of County Commissioners on February 20, 2018). For 2018, Public Health uses an indirect cost rate of 29.28%.

## 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
Website	<a href="http://www.sao.wa.gov">www.sao.wa.gov</a>