



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Lincoln County

For the period January 1, 2022 through December 31, 2022

Published September 28, 2023

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

September 28, 2023

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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TABLE OF CONTENTS

Schedule of Findings and Questioned Costs.....	4
Summary Schedule of Prior Audit Findings	6
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 <i>Government Auditing Standards</i>	8
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance With the Uniform Guidance	11
Independent Auditor's Report on the Financial Statements.....	15
Financial Section.....	19
About the State Auditor's Office.....	55

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Lincoln County January 1, 2022 through December 31, 2022

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>ALN</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.



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Lincoln County January 1, 2022 through December 31, 2022

This schedule presents the status of findings reported in prior audit periods.

Audit Period: 1/1/2021 – 12/31/2021	Report Ref. No.: 1031201	Finding Ref. No.: 2021-001	Assistance Listing Number(s): 20.205
Federal Program Name and Granting Agency: Highway Planning and Construction Grant		Pass-Through Agency Name: Washington State Department of Transportation	
Finding Caption: The County’s internal controls were inadequate for ensuring compliance with federal procurement requirements.			
Background: During fiscal year 2021, the County spent \$2,676,424 in Highway Planning and Construction grant funds. The program’s objective is to provide funds for the planning, design, construction, and rehabilitation of highways and bridge transportation systems. Federal regulations require recipients to establish and maintain internal controls that ensure compliance with program requirements. These controls include understanding program requirements and monitoring the effectiveness of established controls. Federal regulations also require recipients to follow their own documented procurement procedures, which must conform to the Uniform Guidance procurement standards found in 2 CFR § 200.318-327. The procedures must reflect the most restrictive of applicable federal requirements, state laws or local policies. When using federal funds to procure goods and services, governments must apply the more restrictive requirements by obtaining quotes or following a competitive procurement process, depending on the estimated cost of the procurement activity. Page 6 Office of the Washington State Auditor sao.wa.gov Although the County has a written procurement policy, it does not conform to the most restrictive methods and thresholds for competitively procuring public works projects.			

Status of Corrective Action: (check one)☒ Fully
Corrected☐ Partially
Corrected☐ Not Corrected☐ Finding is considered no
longer valid**Corrective Action Taken:**

Procurement Policy including the most restrictive methods and thresholds for competitively procuring public works projects was adopted by the Lincoln County Commissioners in Resolution 23-12 on March 20, 2023.

INDEPENDENT AUDITOR'S REPORT

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, 2022 through December 31, 2022**

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, 2022, and the related notes to the financial statements, which collectively comprise the County's financial statements, and have issued our report thereon dated September 5, 2023.

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 state law 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.

REPORT ON 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) as a basis for designing 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 above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

REPORT ON 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 its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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

September 5, 2023

INDEPENDENT AUDITOR'S REPORT

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, 2022 through December 31, 2022

Board of Commissioners
Lincoln County
Davenport, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the compliance of Lincoln County, with the types of compliance requirements identified as subject to audit 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, 2022. The County's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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)* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

Performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the County's internal control over compliance. Accordingly, no such opinion is expressed; and

- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

REPORT ON 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 audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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, reading "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

September 5, 2023

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Lincoln County **January 1, 2022 through December 31, 2022**

Board of Commissioners
Lincoln County
Davenport, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of Lincoln County, as of and for the year ended December 31, 2022, and the related notes to the financial statements, as listed in the financial section of our report.

Unmodified Opinion on the Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, the County has prepared these financial statements to meet the financial reporting requirements of state law and 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 accompanying 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, 2022, on the basis of accounting described in Note 1.

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, 2022, or the changes in financial position or cash flows thereof for the year then ended, because of the significance of the matter discussed below.

Basis for Unmodified and Adverse Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit unmodified and adverse opinions.

Matter Giving Rise to 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. As described in Note 1 of the financial statements, the financial statements are prepared by the County in accordance with state law using accounting practices prescribed by the BARS Manual, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Matters of Emphasis

As discussed in Note 10 to the financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the County is unknown. Management's plans in response to this matter are also described in Note 10. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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 state law and the BARS Manual 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time; and
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 5, 2023 on our consideration of the County's internal control over financial reporting and on the 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 the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

Pat McCarthy, State Auditor

Olympia, WA

September 5, 2023

FINANCIAL SECTION

Lincoln County January 1, 2022 through December 31, 2022

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2022
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2022
Notes to Financial Statements – 2022

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2022
Schedule of Expenditures of Federal Awards – 2022
Notes to the Schedule of Expenditures of Federal Awards – 2022

Lincoln County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		Total for All Funds (Memo Only)	001 Current Expense	102 Public Health	103 Counseling Serv
Beginning Cash and Investments					
308	Beginning Cash and Investments	12,083,494	3,165,397	1,037,663	3,440
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	7,696,061	3,909,812	20,285	42,156
320	Licenses and Permits	318,488	205,176	103,462	-
330	Intergovernmental Revenues	13,267,931	2,007,800	1,252,875	53
340	Charges for Goods and Services	6,882,279	1,866,900	57,453	-
350	Fines and Penalties	263,769	263,769	-	-
360	Miscellaneous Revenues	1,070,394	437,299	18,422	-
Total Revenues:		29,498,922	8,690,756	1,452,497	42,209
Expenditures					
510	General Government	6,772,876	4,992,291	-	-
520	Public Safety	4,072,338	3,136,390	-	-
530	Utilities	964,970	166,602	-	-
540	Transportation	9,639,646	-	-	-
550	Natural/Economic Environment	553,892	200,968	-	-
560	Social Services	1,589,650	13,813	1,128,323	44,150
570	Culture and Recreation	444,351	133,627	-	-
Total Expenditures:		24,037,723	8,643,691	1,128,323	44,150
Excess (Deficiency) Revenues over Expenditures:		5,461,199	47,065	324,174	(1,941)
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	12,279	-	-	-
397	Transfers-In	1,350,624	1,052,953	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	861,074	135,576	-	-
Total Other Increases in Fund Resources:		2,223,977	1,188,529	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	4,783,726	459,003	146,685	-
591-593, 599	Debt Service	251,637	337	-	-
597	Transfers-Out	1,348,140	38,943	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	71,205	27,547	-	-
Total Other Decreases in Fund Resources:		6,454,708	525,830	146,685	-
Increase (Decrease) in Cash and Investments:		1,230,468	709,764	177,489	(1,941)
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	4,918,431	384,465	-	-
50841	Committed	-	-	-	-
50851	Assigned	5,033,740	128,911	1,215,155	1,498
50891	Unassigned	3,361,793	3,361,793	-	-
Total Ending Cash and Investments		13,313,964	3,875,169	1,215,155	1,498

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, 2022

		105 County Fair	106 Veteran's Assist	107 County Road	108 Treasurer's M&O
Beginning Cash and Investments					
308	Beginning Cash and Investments	70,803	30,981	1,607,901	31,308
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	10,024	1,955,109	-
320	Licenses and Permits	-	-	9,850	-
330	Intergovernmental Revenues	30,000	12	7,502,623	-
340	Charges for Goods and Services	39,890	-	106,150	18,910
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	221,705	642	89,249	457
Total Revenues:		291,595	10,678	9,662,981	19,367
Expenditures					
510	General Government	-	-	61,255	13,982
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	7,302,745	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	3,568	-	-
570	Culture and Recreation	301,294	-	-	-
Total Expenditures:		301,294	3,568	7,364,000	13,982
Excess (Deficiency) Revenues over Expenditures:		(9,699)	7,110	2,298,981	5,385
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	40,000	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	11,645	-	8,024	-
Total Other Increases in Fund Resources:		51,645	-	8,024	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	18,269	-	2,464,276	-
591-593, 599	Debt Service	197	-	-	-
597	Transfers-Out	-	-	240,885	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	12,952	-	-	-
Total Other Decreases in Fund Resources:		31,418	-	2,705,161	-
Increase (Decrease) in Cash and Investments:		10,528	7,110	(398,156)	5,385
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	38,091	-	36,693
50841	Committed	-	-	-	-
50851	Assigned	81,331	-	1,209,742	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		81,331	38,091	1,209,742	36,693

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, 2022

		109 Auditor's M&O	111 Coronavirus Fiscal	113 Alcohol/Drug	114 Affordable Housing
Beginning Cash and Investments					
308	Beginning Cash and Investments	138,749	1,062,387	60,341	52,568
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	3,009	15,054
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	53,053	1,062,387	361,404	-
340	Charges for Goods and Services	12,271	-	15,391	21,193
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	-	426	-
Total Revenues:		65,324	1,062,387	380,230	36,247
Expenditures					
510	General Government	22,643	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	399,796	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		22,643	-	399,796	-
Excess (Deficiency) Revenues over Expenditures:		42,681	1,062,387	(19,566)	36,247
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	30,045	-	-	8,750
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	490,980	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		30,045	490,980	-	8,750
Increase (Decrease) in Cash and Investments:		12,636	571,407	(19,566)	27,497
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	151,385	1,633,793	-	80,064
50841	Committed	-	-	-	-
50851	Assigned	-	-	40,775	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		151,385	1,633,793	40,775	80,064

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, 2022

		115 Law Library	117 LC Tourism	118 REET Technology	119 Trial Court Imp
Beginning Cash and Investments					
308	Beginning Cash and Investments	62,659	50,465	119,250	32,568
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	14,826	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	8,888	16,786
340	Charges for Goods and Services	36,191	-	2,565	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	-	1,262	-
Total Revenues:		36,191	14,826	12,715	16,786
Expenditures					
510	General Government	-	-	4,273	5,348
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	4,574	-	-	-
Total Expenditures:		4,574	-	4,273	5,348
Excess (Deficiency) Revenues over Expenditures:		31,617	14,826	8,442	11,438
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	16,786
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	16,786
Other Decreases in Fund Resources					
594-595	Capital Expenditures	28,389	51,654	-	4,835
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		28,389	51,654	-	4,835
Increase (Decrease) in Cash and Investments:		3,228	(36,828)	8,442	23,389
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	13,637	127,692	27,978
50841	Committed	-	-	-	-
50851	Assigned	65,888	-	-	27,978
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		65,888	13,637	127,692	55,956

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, 2022

		122 Homeless Housing	124 Crime Victims	125 Traffic Policing	129 Marine Enforce
Beginning Cash and Investments					
308	Beginning Cash and Investments	430,809	117,199	38,109	53,668
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	502,693	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	46,388	768	26,051
340	Charges for Goods and Services	135,473	11,879	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	-	-	-
Total Revenues:		135,473	58,267	503,461	26,051
Expenditures					
510	General Government	-	70,211	-	-
520	Public Safety	-	-	-	10,593
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	70,211	-	10,593
Excess (Deficiency) Revenues over Expenditures:		135,473	(11,944)	503,461	15,458
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	95,000	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	494,832	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		95,000	-	494,832	-
Increase (Decrease) in Cash and Investments:		40,473	(11,944)	8,629	15,458
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	471,282	105,254	46,738	69,126
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		471,282	105,254	46,738	69,126

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, 2022

		131 Sex Offender Reg	132 Enhanced 911	133 Emergency Comm	134 Dom Violence
Beginning Cash and Investments					
308	Beginning Cash and Investments	92,259	155,207	264,357	63,954
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	109,129	242,971	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	26,000	585,462	62,763	-
340	Charges for Goods and Services	416	-	-	10,910
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	193	3,000	-
Total Revenues:		26,416	694,784	308,734	10,910
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	3,900	697,037	92,341	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		3,900	697,037	92,341	-
Excess (Deficiency) Revenues over Expenditures:		22,516	(2,253)	216,393	10,910
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	96,479	19,338	265,790	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		96,479	19,338	265,790	-
Increase (Decrease) in Cash and Investments:		(73,963)	(21,591)	(49,397)	10,910
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	133,617	214,960	74,864
50841	Committed	-	-	-	-
50851	Assigned	18,296	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		18,296	133,617	214,960	74,864

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, 2022

		136 Public Defense	150 Weed Board	151 Court Facilitator	160 Public Safety
Beginning Cash and Investments					
308	Beginning Cash and Investments	32,933	62,139	30,186	437,849
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	409,997
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	18,487	-	-	100,000
340	Charges for Goods and Services	-	-	39,780	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	270,205	-	-
Total Revenues:		18,487	270,205	39,780	509,997
Expenditures					
510	General Government	10,897	-	60,152	71,386
520	Public Safety	-	-	-	132,077
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	250,546	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		10,897	250,546	60,152	203,463
Excess (Deficiency) Revenues over Expenditures:		7,590	19,659	(20,372)	306,534
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	16,068	-	-
Total Other Increases in Fund Resources:		-	16,068	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	9,663	-	418,579
591-593, 599	Debt Service	-	789	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	11,862	-	-
Total Other Decreases in Fund Resources:		-	22,314	-	418,579
Increase (Decrease) in Cash and Investments:		7,590	13,413	(20,372)	(112,045)
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	40,523	-	-	325,805
50841	Committed	-	-	-	-
50851	Assigned	-	75,550	9,814	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		40,523	75,550	9,814	325,805

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, 2022

		170 LC Tourism- Spec	207 LTGO Bond	305 Capital Improve	315 Rural Co Dev
Beginning Cash and Investments					
308	Beginning Cash and Investments	30,021	-	411,414	238,070
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	25,576	-	214,753	220,667
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	-	18	-
Total Revenues:		25,576	-	214,771	220,667
Expenditures					
510	General Government	-	-	3,747	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	37,378	-	-	65,000
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		37,378	-	3,747	65,000
Excess (Deficiency) Revenues over Expenditures:		(11,802)	-	211,024	155,667
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	12,279	-
397	Transfers-In	-	240,885	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	240,885	12,279	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	12,279	-
591-593, 599	Debt Service	-	240,885	9,429	-
597	Transfers-Out	-	-	-	82,500
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	240,885	21,708	82,500
Increase (Decrease) in Cash and Investments:		(11,802)	-	201,595	73,167
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	18,218	-	613,009	311,237
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		18,218	-	613,009	311,237

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, 2022

		405 Professional Bldg	410 Solid Waste	510 Equip Rental & Rev	520 Pits & Quarries
Beginning Cash and Investments					
308	Beginning Cash and Investments	154	74,826	1,279,285	270,107
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	106,131	-	-
340	Charges for Goods and Services	-	795,230	2,196,384	407,094
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	10,000	1,701	14,734	1,081
Total Revenues:		10,000	903,062	2,211,118	408,175
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	798,368	-	-
540	Transportation	-	-	1,782,406	554,495
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	4,856	-	-	-
Total Expenditures:		4,856	798,368	1,782,406	554,495
Excess (Deficiency) Revenues over Expenditures:		5,144	104,694	428,712	(146,320)
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	27,379	84,746	-
Total Other Increases in Fund Resources:		-	27,379	84,746	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	652,491	2,201
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	18,844	-	-
Total Other Decreases in Fund Resources:		-	18,844	652,491	2,201
Increase (Decrease) in Cash and Investments:		5,144	113,229	(139,033)	(148,521)
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	-
50841	Committed	-	-	-	-
50851	Assigned	5,297	188,054	1,140,252	121,586
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		5,297	188,054	1,140,252	121,586

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, 2022

		540 Employee Self-Ins
Beginning Cash and Investments		
308	Beginning Cash and Investments	474,468
388 / 588	Net Adjustments	-
Revenues		
310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	-
340	Charges for Goods and Services	1,108,199
350	Fines and Penalties	-
360	Miscellaneous Revenues	-
Total Revenues:		1,108,199
Expenditures		
510	General Government	1,456,691
520	Public Safety	-
530	Utilities	-
540	Transportation	-
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		1,456,691
Excess (Deficiency) Revenues over Expenditures:		(348,492)
Other Increases in Fund Resources		
391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	577,636
Total Other Increases in Fund Resources:		577,636
Other Decreases in Fund Resources		
594-595	Capital Expenditures	-
591-593, 599	Debt Service	-
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	-
Total Other Decreases in Fund Resources:		-
Increase (Decrease) in Cash and Investments:		229,144
Ending Cash and Investments		
50821	Nonspendable	-
50831	Restricted	-
50841	Committed	-
50851	Assigned	703,613
50891	Unassigned	-
Total Ending Cash and Investments		703,613

The accompanying notes are an integral part of this statement.

Lincoln County
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		Total for All Funds (Memo Only)	Private-Purpose Trust	Custodial	External Investment Pool Fund
308	Beginning Cash and Investments	46,832,581	352	11,938,566	34,893,663
388 & 588	Net Adjustments	-	-	-	-
310-390	Additions	120,326,870	58,546	119,748,104	520,220
510-590	Deductions	119,476,346	352	119,475,994	-
	Net Increase (Decrease) in Cash and Investments:	850,524	58,194	272,110	520,220
508	Ending Cash and Investments	47,683,110	58,546	12,210,681	35,413,883

The accompanying notes are an integral part of this statement.

LINCOLN COUNTY, WASHINGTON

NOTES TO FINANCIAL STATEMENTS

January 1, 2022 through December 31, 2022

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 local 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 (see Notes to 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 for propriety and fiduciary funds are presented using classifications that are different from the ending net position classifications 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.

MCAG # 0142

Special Revenue Funds

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

Debt Service Funds

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

Capital Projects Funds

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

PROPRIETARY FUND TYPES:

Enterprise Funds

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

Internal Service Funds

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

FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the County in a trustee capacity or as a custodian 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.

Investment Trust Funds

These funds are used to report fiduciary activities from the external portion of investment pools and individual investment accounts that are held in trust.

Private-Purpose Trust Funds

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

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.

MCAG # 0142

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, 2022 was \$652,729.71, for accumulated unused sick leave was \$451,511.96 and for accumulated unused comp time was \$109,189.92 for a total of \$1,213,431.59.

F. Long-Term Debt

See Note # 6, Long Term Debt.

G. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted or committed 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 the most restricted resources first.

Restrictions and commitments of Ending Cash and Investments consist of:

MCAG # 0142

Veteran's Assistance	\$	38,091
Treasurer's M&O	\$	36,693
Auditor's M&O	\$	151,385
Coronavirus Fiscal State & Local	\$	1,633,793
Affordable Housing	\$	80,064
Lincoln County Tourism	\$	13,637
REET Technology	\$	127,692
Trial Court Improvement	\$	27,978
Homeless Housing	\$	471,282
Criminal Anti-Profitteering	\$	2,455
Crime Victims	\$	105,254
Traffic Policing	\$	46,738
Marine Enforcement	\$	69,126
Enhanced 911	\$	133,617
Emergency Communications	\$	214,960
Domestic Violence	\$	74,864
Public Defense	\$	40,523
Housing Rehab Project	\$	50,907
LC Broadband Project	\$	331,103
Public Safety	\$	325,805
LC Tourism - Special	\$	18,218
Capital Improvements	\$	613,009
Rural County Development	\$	311,237
TOTAL RESERVED FUNDS	\$	4,918,431

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:

2022 BUDGET APPROPRIATIONS

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund:			
Assessor	456,821	378,380	78,441
Auditor	551,572	523,278	28,294
Board of Equalization	3,460	3,460	0
Civil Service	3,686	3,685	1
Clerk	315,698	315,697	1
Commissioners	538,378	519,277	19,101
Planning	209,525	201,963	7,562
Cooperative Extension	125,744	123,726	2,018
Coop Ext-Bulletin	250	97	153
Coroner	13,813	13,813	0
Courthouse	438,377	438,376	1
Data Processing	494,429	441,041	53,388
Information Services	340,233	320,636	19,597
E911 Computer Access Dispatch	-	-	-
District Court	337,200	333,059	4,141
Probation	89,501	89,205	296
Jail	990,195	843,283	146,912
Juvenile Services	172,069	164,027	8,042
Consolidated Juv Serv	57,757	55,860	1,897
CJAA	4,126	770	3,356
Community Litter Cleanup	-	-	-
BECCA Bill Grant	19,377	13,805	5,572
Non-Departmental	671,147	671,147	0
Prosecuting Attorney	490,438	476,616	13,822
Stop Grant - Prosecuting Attorney	15,432	12,176	3,256
Sheriff Administration	603,821	545,300	58,521
Sheriff Operations	1,464,479	1,165,556	298,923
Stop Grant - Sheriff	20,417	9,214	11,203
Marijuana Eradication	93	-	93
Davenport Law Enforcement	325,035	325,034	1
Wilbur Law Enforcement	185,400	136,432	48,968
Superior Court	250,144	250,144	0
Treasurer	405,205	405,204	1

MCAG # 0142

Welfare	700	-	700
Other Financing Uses	97,500	38,943	58,557
Non Expenditures	10,460	10,460	0
Election	72,624	60,681	11,943
Special Funded Services	155,000	35,000	120,000
Davenport Special Reserve Fund	-	-	-
Youth Programs	4,950	336	4,614
Education & Grant Fund	32,500	9,469	23,031
Criminal Antiprofitteering	2,454	-	2,454
Drug Enforcement	10,100	5,831	4,269
Seized/Forfeited Property	10,600	5,420	5,180
DARE	2,000	1,775	225
Unemployment Insurance	17,400	-	17,400
Housing Rehab Project	10,350	-	10,350
LC Broadband Project	6,653,992	167,970	6,486,022
Wilbur Special Reserve	63,000	53,372	9,628
Total General Fund	16,737,452	9,169,518	7,567,934
			-
Public Health	1,662,279	1,275,005	387,274
Counseling Services	44,151	44,150	1
County Fair	332,713	332,713	0
Veterans Assistance	10,000	3,568	6,432
County Road	13,256,679	10,069,163	3,187,516
Treasurer's M&O	16,746	13,982	2,764
Auditor's M&O	126,655	52,688	73,967
Coronavirus State & Local Fiscal	490,980	490,980	-
Alcohol/Drug Services	427,133	399,795	27,338
Affordable Housing Trust	25,000	8,750	16,250
Law Library	45,522	32,963	12,559
Lincoln County Tourism	60,000	51,654	8,346
REET Technology Fund	16,000	4,273	11,727
Trial Court Improvement	28,890	10,183	18,707
Homeless Housing	200,000	95,000	105,000
Crime Victims	84,790	70,211	14,579
Traffic Policing	501,000	494,832	6,168
Marine Enforcement/Education	22,663	10,593	12,070
Sex Offender Registration	100,379	100,379	0
Enhanced 911	722,294	716,375	5,919
Emergency Communications	358,131	358,131	1
Domestic Violence Prevention	11,000	-	11,000
Public Defense Service	19,000	10,897	8,103
Noxious Weed Control Board	315,930	272,862	43,068
Court Facilitator	60,152	60,152	0
Public Safety	622,042	622,041	1
LC Tourism - Special	40,000	37,378	2,622
Lincoln County LTGO Bond	240,885	240,885	-
Consolidated RID No. 09-01 Bond	-	-	-
Capital Improvements	424,322	25,455	398,867
Rural County Development	197,500	147,500	50,000
Professional Building Fund	10,000	4,856	5,144

MCAG # 0142

Solid Waste Management	817,213	817,212	1
Equipment Rental & Revolving	2,571,300	2,434,897	136,403
Pits & Quarries	608,850	556,697	52,153
Self-Funded Employee Benefit	1,456,691	1,456,690	1
Foreclosure Surplus	353	352	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

Investments are reported at original cost. Deposits and investments by type at December 31, 2022 are as follows:

Type of Investment	Lincoln County's own deposits and investments	Deposits and investments held by Lincoln County as a custodian for other governments, individuals or private organizations	Total
Bank Deposits	\$6,000	\$2,090,886	\$2,096,886
L.G.I.P.	\$1,801,376	\$35,413,883	\$37,215,259
L.G.I.P. - residual cash	\$1,753,019	\$10,081,181	\$11,834,200
US Government Securities	\$9,753,569	\$97,160	\$9,850,729
Other: MMA	\$0	\$0	\$0
Total	\$13,313,964	\$47,683,110	\$60,997,074

It is the County's policy to invest all temporary cash surpluses. The interest on these investments is posted to the Current Expense Fund. The amount of this interest for 2022 is \$251,445 per the County Treasurer.

MCAG # 0142

Investments in the State Local Government Investment Pool (LGIP)

The County is a voluntary participant in the Local Government Investment Pool, an external investment pool operated by the Washington State Treasurer. The pool is not rated and not registered with the SEC. Rather, oversight is provided by the State Finance Committee in accordance with Chapter 43.250 RCW. Investments in the LGIP are reported at amortized cost, which is the same as the value of the pool per share. The LGIP does not impose any restrictions on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone financial report for the pool. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at www.tre.wa.gov.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the County would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The County's deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

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

Lincoln County does not have any Custodial Credit Risk.

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 after the end of each month.

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

Property Tax Calendar

January 1	Taxes are levied and become an enforceable lien against the properties.
March 15	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:

MCAG # 0142

- 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 2022 was \$1.3382276702 per \$1,000 on assessed valuation of \$1,772,919,917 for a total regular levy of \$2,372,570.

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 as the levy for general governmental services. The County's road levy for 2022 of \$1.6840110515 per \$1,000 on assessed valuation of \$1,452,798,714 totaled \$2,446,529. The levy was split between the County Road fund at \$1.3398477513 per thousand of the assessed valuation in the amount of \$1,946,529; and the Traffic Policing fund at \$0.3441633002 per thousand in the amount of \$500,000.

Note 5 – Interfund Loans

The following table displays interfund loan activity during 2022.

Borrowing Fund	Lending Fund	Balance 1/1/2022	New Loans	Payments	Balance 12/31/2022
Current Expense	Special Funded Svc	24,030	-	16,093	7,937
County Fair	Special Funded Serv	-	35,000	5,752	29,248
Weed Board	Special Funded Svc	11,862	-	11,862	0
Employee Self Ins	Special Funded Svc	550,000	-	-	550,000
TOTALS		585,892	35,000	33,707	587,185

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 - Long-Term Debt

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, 2022. The PW Trust Fund Loan is ongoing until the project is complete; therefore, not included in the figures below. The 2022 ending balance for the PW Trust Fund loan per the Schedule 6 is \$126,845.

MCAG # 0142

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

	Principal	Interest	Total
2023	105,689	135,196	240,885
2024	109,256	131,629	240,885
2025	112,944	127,941	240,885
2026	116,755	124,130	240,885
2027	120,696	120,189	240,885
2028-2032	667,402	537,023	1,204,425
2033-2037	787,889	416,536	1,204,425
2038-2042	930,128	274,297	1,204,425
2043-2047	1,055,045	106,380	1,161,425
2048-2052	0	0	0
<hr/>			
	4,005,803	1,973,322	5,979,125

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, 2022 is \$0.00.

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

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

Note 7 – Pension Plans

A. State Sponsored Pension Plans

Substantially all County's 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.

MCAG # 0142

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information for each plan.

The DRS ACFR may be downloaded from the DRS website at www.drs.wa.gov.

At June 30, 2022 (the measurement date of the plans), the County's proportionate share of the collective net pension liabilities (assets), was as follows:

Employer Contributions Allocation % Liability (Asset)			
PERS 1	287,533	.046916	1,306,314
PERS 2/3	424,234	.052806	(1,958,459)
PSERS 2	66,548	.150424	(107,553)
LEOFF 1	N/A	.006689	(191,882)
LEOFF 2	59,922	.028944	(786,611)

Only the net pension liabilities are reported on the Schedule 09.

LEOFF Plan 1

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

LEOFF Plan 2

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

Note 8 - Risk Management

The County is a member of Washington Rural Counties Insurance Program (WRCIP). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire, or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The program was formed on September 1, 1998, when three counties in the state of Washington joined together by signing an Interlocal Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. **As of November 30, 2022, membership includes 10 members 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, Crime Protection, and Liability: including General, Automobile, Wrongful Acts, and Cyber, which are included to fit the member's various needs.

MCAG # 0142

The program acquires reinsurance through their administrator, Clear Risk Solutions. Liability coverage is purchased to an aggregate limit of \$45,000,000 with a **self-insured retention (SIR) of \$350,000**. Members are responsible for a \$1,000 to \$10,000 deductible for each claim, while the program is responsible for the **\$350,000 SIR**. Since the program is a cooperative program, there is joint liability among the participating members toward the sharing of the **\$350,000 SIR**, 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 \$2,294,392** which is fully funded in its annual budget.

Property insurance is subject to a per occurrence **SIR of \$350,000**. Members are responsible for a \$1,000 to \$50,000 per occurrence deductible. The program bears the **\$350,000 SIR**, 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 SIR on this coverage.

Cyber liability insurance is subject to a per-occurrence **SIR of \$50,000**. Members are responsible for a \$10,000 deductible for each claim, while the program is responsible for the remaining **\$40,000 SIR**.

Members contract to remain in the program for a minimum of one year and must give notice prior to December 31 before terminating participation the following 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 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, underwriting, claims adjustment, and loss prevention for the program. Fees paid to the third-party administrator under this arrangement for the policy year ending **December 1, 2022, were \$1,374,947.58**.

The program is governed by a **ten-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 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 \$0.00.

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. HUB 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 - \$1,028,411

Payments on Claims - \$1,028,411

Claims Liability – End of Year - \$0.00

MCAG # 0142

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 \$428,280 from the Self-Funded Employee Benefits Fund for Professional Services (not related to claims).

Note 9 – Other Postemployment Benefits

The LEOFF I Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by the County as required by RCW 41.26.150. The plan pays for 100% of eligible retirees' healthcare costs on a pay-as-you-go basis. For the year ended December 31, 2022, the plan had 4 members, all retirees. The County contributed \$18,007.17 in premium payments. The County paid \$15,874.52 in actual expenditures for the calendar year 2022. As of December 31, 2022, the County's total OPEB liability was \$2,112,771 as calculated using the alternative measurement method (Office of the State Actuary).

Note 10 – COVID-19 Pandemic

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of COVID-19. Precautionary measures to slow the spread of the virus continued throughout 2021. These measures included limitations on business operations, public events, gatherings, travel, and in-person interactions. The County proactively implemented safety measures, and operations have continued with staff working in the office. Management continues to monitor the situation for any operational or financial effects and is ready to respond appropriately as needed. The County has remained economically stable and continues to adapt to the changing conditions.

The length of time these measures will continue to be in place, and the full extent of the direct or indirect financial impact on the county is unknown at this time.

Note 11 – External Investment Pool - Cash

The External Investment Pool sponsored by the County was established in 2020. Revised Code of Washington (RCW) 36.29.022, 36.29.010, 36.29.020, authorize the County Treasurer to invest its surplus cash and any funds of municipal corporations which are not required for immediate expenditure and are in the custody or control of the county treasurer. The External Investment Pool's investments are invested pursuant to the Revised Code of Washington. Any credits or payments to pool participants are calculated and made in a manner as required by RCW 36.29.024.

The investments are managed by the Treasurer, which reports investment activity to the County Finance Committee on a quarterly basis. Additionally, the County treasurer investment activity is subject to an annual investment policy review, compliance oversight, quarterly financial review, and annual financial reporting. The County has not provided or obtained any legally binding guarantees during the year ended December 31, 2022, to support the value of shares in the Pool.

The External Investment Pool is not registered with the SEC and is not subject to any formal oversight other than that provided by the County Finance Committee. The Committee is responsible for adopting investment objectives and policies, for hiring investment advisors, and for monitoring policy implementation and investment performance. The Committee's primary role is to oversee the allocation of the Pool's portfolio among the asset classes, investment vehicles, and investment managers.

The interest or other earnings of income from the funds of any municipal corporation of which the governing body has not taken any action pertaining to the investment of funds and that have been invested in accordance with state statutes, shall be deposited in the Current Expense fund of the County and may be used for general county purposes. The total amount of income from the External Investment Pool assigned to the County's general fund for the year was \$251,445. These investments made by the County Treasurer

MCAG # 0142

on behalf of the participants is involuntary participation in the County Treasurer's Investment Pool as they are required by statute.

Based on the residual invested with the State Pool and TVI as of December 31, 2022, 36.6926% of the County Treasurer's Pool consists of these involuntary participants. Voluntary participants in the County Treasurer's Pool include Cemetery Districts, Fire Districts, Public Utility District, Park & Recreation Districts, Hospital Districts, School Districts, and other County funds such as Elections, Public Health, Veteran's Assistance, Public Works, Treasurer's M&O, REET, Council of Governments and Martin Hall. The deposits held for both involuntary and voluntary entities are included in the Investment Trust Fund and External Investment Pool – Custodial Fund.

The Treasurer also maintains Individual Investment Accounts, as directed by external depositors, which are invested pursuant to the Revised Code of Washington. This investment activity occurs separately from the County's Pool and is reported in the Individual Investment Trust Fund in the amount of \$35,413,883.00. Income from the specific investments acquired for the individual municipalities, and changes in the value of those investments, affect only the municipality for which they are acquired, and are aggregated in the Individual Investment Fund.

Note 12 – Telecommunication Services

In 2022, Lincoln County established the Lincoln County Broadband Project. The telecommunication services are provided under RCW 54.16.330. At this time, Lincoln County is providing no telecommunication services but incurring design and capital outlay expenditures.

	<u>Telecommunication Services</u>	<u>Amount</u>
Revenues:	Wholesale Fiber Services to ISP	499,073
	Wholesale Fiber Services to Governments	
	Retail Telecommunication Services	
	Fiber Leasing	
	Installation Charges	
	Equipment Sales	
	Other	
Expenses:	Administration and General	166,602
	Repairs and Maintenance	
	Tower Lease	
	Interconnection Access	
	Other	
Capital Outlay:	Current	1,368
	Cumulative service beginning telecommunication services	

Note 13 – Other DisclosuresOther Financing Sources or Uses

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

<u>Transfers Out</u>		<u>Transfers In</u>	
Current Expense	\$38,943	Current Expense	\$539,816
County Roads	\$240,885	County Fair	\$40,000
Coronavirus Fiscal	\$490,980	Davenport Special Reserve	\$13,681
Traffic Policing	\$494,832	Trial Court Improvement	\$16,786
Rural Co Development	\$82,500	LC Broadband	\$490,980
Sewer District	\$2,484	Wilbur Special Reserve	\$8,476
		LC LTGO Bond	\$240,885
TOTAL OUT	\$1,350,624	TOTAL IN	\$1,350,624

Pending Legal MattersUnlawful 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 Lincoln County Superior Court issued an order upholding the PERC ruling. Both sides appealed and briefed the issue to Division 3 of the Court of Appeals. The Division 3 Court of Appeals issued an opinion on 3 November, 2020, holding that both parties committed ULPs, but the PERC Board erred in crafting its remedy. Both parties filed briefs seeking discretionary review by the Washington State Supreme Court. The Washington Supreme Court denied to exercise review. On 16 September, 2021, PERC entered a new decision ordering both parties to bargain in good faith, to not condition bargaining on non-mandatory subjects, to post notices of PERC's decision in conspicuous places and to read the contents of those notices into their regular meeting minutes. Both parties have declined to appeal PERC's most

MCAG # 0142

decision. On 8 March, 2022, PERC determined both parties had satisfactorily complied with PERC requirements and the matter has been closed. Agreeable collective bargaining agreements (CBA) between the parties were reached, through open bargaining sessions. In March, 2022, the CBAs was signed by both parties and has been operated under since.

Opioids Litigation

In 2019 Lincoln County opted into a national opioid litigation against many pharmaceutical companies being brought on behalf of many state and local agencies by the Seattle law firm of Keller, Rohrbach. This matter is currently being managed in the U.S. Court of Appeals for the Sixth Circuit, with some defendants having declared bankruptcy. A settlement was reached between the plaintiffs, Washington State, and the respondent pharmaceutical companies. Under the terms of this agreement Lincoln County will receive approximately \$13,000 per year for the next 15 years. Similar litigation relating to claims against Teva, Allergan, CVS, Walgreens and Walmart is presently pending resolution among the complainants.

Election Errors and Public Records Request Litigation

In September of 2021, the Lincoln County Auditor's Office received a request for public records seeking various records relating to ballots cast in the 2020 general election. Included in this request was a request for the actual ballots cast. The Auditor's Office is presently reviewing the majority of the request but has denied the request for actual ballots, citing applicable case law. On October 4, 2021, the Washington Election Integrity Coalition United (WEiCU) filed a complaint in Lincoln County Superior Court, seeking an order of the court to release the ballots for a forensic audit. The complaint alleges various errors, negligence and wrongful acts on behalf of the former Lincoln County Auditor, as well as failure to comply with the Public Records Act. The matter was referred to external legal counsel, Keating, Bucklin & McCormack. On February 14, 2022, the Court granted a motion to intervene, filed by the Washington State Democratic Party. On 25 February, 2022, Lincoln County filed a motion to dismiss the action; the motion was heard on 25 March, 2022, and the court agreed with Lincoln County's request to dismiss the matter. WEiCU appealed the dismissal to the Washington Court of Appeals – Division III, which upheld dismissal by the lower court. The matter is currently pending discretionary review before the Washington State Supreme Court.

Improper Assessment Litigation

On 8 August, 2022, James and Sherri Keyes filed a complaint in Lincoln County Superior Court alleging their property had been improperly appraised, which resulted in property tax assessments higher than allowed by law. The complaint named Lincoln County, the Lincoln County Assessor, an employee working in the Lincoln County Assessor's office, the entire Lincoln County Board of Equalization and the Lincoln County Prosecuting Attorney. Subsequent to their answer, Lincoln County filed several motions to dismiss the action entirely, a motion to dismiss with respect to certain unserved defendants and a motion to mandate joinder of several necessary parties. After hearing the matter, Lincoln County Superior Court agreed that the board of equalization should be dismissed for lack of proper service and that the nature of the plaintiff's requested relief mandated joinder of several additional parties, including the Washington State Department of Revenue. The matter was stayed pending joinder of the necessary parties. Plaintiffs appealed the matter to the Washington State Court of Appeals – Division III. After receiving briefing and hearing argument by both parties, the Division III Court of Appeals declined to exercise discretionary review and remanded the matter back to the Lincoln County for Superior Court. The matter remains stayed pending joinder of the necessary parties.

MCAG # 0142

Other Disclosures – Contingencies and Litigations

Blake Decision – On February 25, 2021, the State of Washington's Supreme Court ruled that Washington's strict liability drug possession statute, which criminalized unintentional, unknowing possession of controlled substances without a prescription, unconstitutional. The bill allocated grant money to the Administrative Office of the Courts (AOC) to distribute funding to courts of limited jurisdiction across the state for therapeutic courts. The County does not have the necessary information to make an estimate of any potential liability to the County. The County views the responsibility of State vs Blake decision to rest at the State level.

The Washington State Office of Public Defense disbursed public defense grant funds to assist Lincoln County with Blake defense work (State vs. Blake, 481 P.3d 521 (2021)). We have received the first of two installments, per the election of funds indicated in the grant application for Lincoln County (\$3,000). The second installment was disbursed in early 2022 (\$2,133). In 2022, Lincoln County received another installment in July 2022 (\$5,000). Additionally, Lincoln County received extraordinary Blake funding of \$24,862.49 through grant funding. Lincoln County also received Other Custodial funds through the Blake funding of \$52,222.43 in 2022.

Other Disclosures – Special Revenue Funds

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.

Lincoln County
Schedule of Liabilities
For the Year Ended December 31, 2022

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	LTGO Bond	4/18/2047	4,108,042	-	102,239	4,005,803
263.87	PW Trust Fund Loan	4/12/2039	123,996	12,279	7,384	128,891
Total General Obligation Debt/Liabilities:			4,232,038	12,279	109,623	4,134,694
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absences		1,104,064	109,349	-	1,213,413
264.30	Net Pension Liability		578,267	728,047	-	1,306,314
264.40	OPEB Liability		2,727,094	-	614,323	2,112,771
Total Revenue and Other (non G.O.) Debt/Liabilities:			4,409,425	837,396	614,323	4,632,498
Total Liabilities:			8,641,463	849,675	723,946	8,767,192

Lincoln County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Note
				From Pass- Through Awards	From Direct Awards	Total	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via Wa State Dept of Health)	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	CLH18252	52,867	-	52,867	2
			Total ALN 10.557:	52,867	-	52,867	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via WA Dept of Commerce)	Community Development Block Grants/State's program and Non- Entitlement Grants in Hawaii	14.228	20-6221C-117	705	-	705	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via WA Dept of Commerce)	Crime Victim Assistance	16.575	21-31101-520	28,119	-	28,119	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via WA Dept of Commerce)	Crime Victim Assistance	16.575	23-31101-021	36,537	-	36,537	
			Total ALN 16.575:	64,656	-	64,656	
OFFICE ON VIOLENCE AGAINST WOMEN, JUSTICE, DEPARTMENT OF (via WA Dept of Commerce)	Violence Against Women Formula Grants	16.588	F21-31103-051	15,278	-	15,278	
OFFICE ON VIOLENCE AGAINST WOMEN, JUSTICE, DEPARTMENT OF (via WA Dept of Commerce)	Violence Against Women Formula Grants	16.588	F21-31103-050	12,602	-	12,602	
			Total ALN 16.588:	27,880	-	27,880	

The accompanying notes are an integral part of this schedule.

OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via WA State Military Dept)	Edward Byrne Memorial Justice Assistance Grant Program	16.738	F19-31441-001	19,439	-	19,439	-
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via WA State Military Dept)	Edward Byrne Memorial Justice Assistance Grant Program	16.738	F19-31440-512	121,823	-	121,823	-
Total ALN 16.738:				141,262	-	141,262	-
Highway Planning and Construction Cluster							
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA Dept of Transportation)	Highway Planning and Construction	20.205	G-1034	4,159	-	4,159	-
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA Dept of Transportation)	Highway Planning and Construction	20.205	G-1035	11,352	-	11,352	-
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA Dept of Transportation)	Highway Planning and Construction	20.205	G-1036	2,763	-	2,763	-
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA Dept of Transportation)	Highway Planning and Construction	20.205	G-1039	1,396,126	-	1,396,126	-
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA Dept of Transportation)	Highway Planning and Construction	20.205	G-1040	8,581	-	8,581	-
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA Dept of Transportation)	Highway Planning and Construction	20.205	J01708 Porcupine Land	310,687	-	310,687	-
Total Highway Planning and Construction Cluster:				1,733,668	-	1,733,668	-

The accompanying notes are an integral part of this schedule.

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Military Dept)	E-911 Grant Program	20.615	783CP	162,763	-	162,763	-
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Dept of Commerce)	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	OMB 1505-0271	490,980	-	490,980	-
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Dept of Commerce)	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	CV025680	134,214	-	134,214	-
	Total ALN 21.027:			625,194	-	625,194	-
ELECTION ASSISTANCE COMMISSION, ELECTION ASSISTANCE COMMISSION (via Office of the Sec of State)	COVID 19 - 2018 HAVA Election Security Grants	90.404	CG075-18	6,293	-	6,293	-
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	16,816	-	16,816	2
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Dept of Health)	Injury Prevention and Control Research and State and Community Based Programs	93.136	CLH18252	63,277	-	63,277	-
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Dept of Health)	Immunization Cooperative Agreements	93.268	CLH31018	8,907	-	8,907	2
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Dept of Health)	COVID 19 - Immunization Cooperative Agreements	93.268	CLH18252	15,665	-	15,665	2
	Total ALN 93.268:			24,572	-	24,572	-

CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Dept of Health)	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	CLH31018	72,004	-	72,004	-
				Total ALN 93.323:			
				72,004	-	72,004	-
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Dept of Health)	COVID 19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	CLH31018	25,045	-	25,045	-
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Dept of Health) Medicaid Cluster	Child Support Enforcement	93.563	2110-80330	151,378	-	151,378	-
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Dept of Health)	Medical Assistance Program	93.778	1021515284	29,063	-	29,063	-
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Dept of Health)	Medical Assistance Program	93.778	10231-203770	65,720	-	65,720	-
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Dept of Health)	Medical Assistance Program	93.778	10231-203770	106,148	-	106,148	-
Total Medicaid Cluster:				200,931	-	200,931	-
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Dept of Health)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	K3926	22,180	-	22,180	-

The accompanying notes are an integral part of this schedule.

SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Dept of Health)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	K3926	34,825	-	34,825	-
Total ALN 93.959:				57,005	-	57,005	-
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	CLH31018	32,158	-	32,158	-
U.S. COAST GUARD, HOMELAND SECURITY, DEPARTMENT OF (via WA State Parks & Recreation)	Boating Safety Financial Assistance	97.012	3320FAS200153	15,965	-	15,965	-
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military Dept)	Emergency Management Performance Grants	97.042	E22-135	28,015	-	28,015	-
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military Dept)	Homeland Security Grant Program	97.067	SCEM-2016	19,346	-	19,346	-
Total ALN 97.067:				19,346	-	19,346	-
Total Federal Awards Expended:				3,521,800	-	3,521,800	-

The accompanying notes are an integral part of this schedule.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Year Ended December 31, 2022

NOTE 1 – BASIS OF ACCOUNTING

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

NOTE 2 – FEDERAL DE MINIMIS 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 23.45% (as approved by the Lincoln County Board of County Commissioners on February 8, 2022). For 2022, Public Health uses an indirect cost rate of 25.28%.

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 except for Covid-19 vaccinations.

NOTE 4 – PROGRAM COSTS

The amounts shown as current year expenditures represent only federal grant portion of the program costs. Entire program costs, including the County's portion, are more than shown. Such expenditures are recognized following 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.

ABOUT THE STATE AUDITOR'S OFFICE

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

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

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