



**Washington State Auditor's Office**

**Troy Kelley**

**Integrity • Respect • Independence**

**Financial Statements and Federal Single Audit  
Report**

**Pacific County**

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

**Published September 15, 2014**

**Report No. 1012556**





**Washington State Auditor**  
**Troy Kelley**

September 15, 2014

Board of Commissioners  
Pacific County  
South Bend, Washington

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

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

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

Sincerely,

TROY KELLEY  
STATE AUDITOR

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# Federal Summary

## Pacific County January 1, 2013 through December 31, 2013

The results of our audit of Pacific County are summarized below in accordance with U.S. Office of Management and Budget Circular A-133.

### ***FINANCIAL STATEMENTS***

An unmodified opinion was issued on the financial statements.

#### ***Internal Control Over Financial Reporting:***

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

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

### ***FEDERAL AWARDS***

#### ***Internal Control Over Major Programs:***

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

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

We reported no findings that are required to be disclosed under section 510(a) of OMB Circular A-133.

***Identification of Major Programs:***

The following was a major program during the period under audit:

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

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$300,000.

The County qualified as a low-risk auditee under OMB Circular A-133.

# **Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

**Pacific County  
January 1, 2013 through December 31, 2013**

Board of Commissioners  
Pacific County  
South Bend, 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 Pacific County, Washington, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's financial statements, and have issued our report thereon dated September 8, 2014.

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

## ***INTERNAL CONTROL OVER FINANCIAL REPORTING***

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable

possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

In addition, we noted certain matters that we have reported to the management of the County in a separate letter dated September 8, 2014.

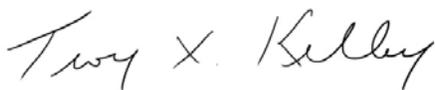
### ***COMPLIANCE AND OTHER MATTERS***

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

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

### ***PURPOSE OF THIS REPORT***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



**TROY KELLEY**  
STATE AUDITOR

September 8, 2014

# **Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Circular A-133**

**Pacific County  
January 1, 2013 through December 31, 2013**

Board of Commissioners  
Pacific County  
South Bend, Washington

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

We have audited the compliance of Pacific County, Washington, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013. The County's major federal programs are identified in the accompanying Federal Summary.

### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the County's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

### ***REPORT ON INTERNAL CONTROL OVER COMPLIANCE***

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

### ***PURPOSE OF THIS REPORT***

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in cursive script that reads "Troy X. Kelley".

**TROY KELLEY**  
STATE AUDITOR

September 8, 2014

# Independent Auditor's Report on Financial Statements

## Pacific County January 1, 2013 through December 31, 2013

Board of Commissioners  
Pacific County  
South Bend, Washington

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

We have audited the accompanying financial statements of Pacific County, Washington, for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's financial statements, as listed on page 14.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting

estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of Pacific County, for the year ended December 31, 2013, on the basis of accounting described in Note 1.

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

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

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

The financial statements referred to above were not intended to, and in our opinion they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Pacific County, as of December 31, 2013, or the changes in financial position or cash flows for the year then ended, due to the significance of the matter discussed in the above "Basis for Adverse Opinion on U.S. GAAP" paragraph.

***Other Matters***

***Supplementary and Other Information***

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The accompanying Schedule of Liabilities is also presented for purposes of additional analysis as required by the prescribed BARS manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such

information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

***OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2014 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



**TROY KELLEY**  
STATE AUDITOR

September 8, 2014

# Financial Section

**Pacific County**  
**January 1, 2013 through December 31, 2013**

## ***FINANCIAL STATEMENTS***

Fund Resources and Uses Arising from Cash Transactions – 2013  
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2013  
Notes to Financial Statements – 2013

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

Schedule of Liabilities – 2013  
Schedule of Expenditures of Federal Awards – 2013  
Notes to the Schedule of Expenditures of Federal Awards – 2013

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2013

BARS Code		Total for All funds*	001 GENERAL FUND	101 FAIR	102 PC EMERGENCY MANAGEMENT ADM
<b>Beginning Cash and Investments</b>					
30810	Beg Fund Bal-Reserved	9,888,429	93,038	53,129	19,089
30880	Beg Fund Bal-Unreserved	8,952,258	3,785,387	0	0
38800/58800	Prior Period Adjustments, net	0	0	0	0
<b>Operating Revenues</b>					
310	Taxes	10,361,140	5,667,029	0	0
320	Licenses & Permits	418,494	17,626	0	0
330	Intergovernmental Revenues	6,643,003	1,754,170	39,676	30,458
340	Charges for Goods and Services	5,203,450	824,019	33,711	35,892
350	Fines & Penalties	1,163,913	1,042,363	0	0
360	Miscellaneous Revenues	391,299	133,361	35,973	41
<b>Total Operating Revenues:</b>		<b>24,181,298</b>	<b>9,438,567</b>	<b>109,360</b>	<b>66,391</b>
<b>Operating Expenditures</b>					
510	General Government	8,599,441	4,650,025	0	0
520	Public Safety	5,186,518	2,721,218	0	149,087
530	Utilities	253,989	628	0	0
540	Transportation	6,195,400	2,093	0	0
550	Natural and Economic Environment	815,276	5,000	0	0
560	Social Services	1,778,080	30,533	0	0
570	Culture And Recreation	194,069	90,938	103,034	0
598	Intergovernmental Payments	0	0	0	0
<b>Total Operating Expenditures:</b>		<b>23,022,772</b>	<b>7,500,435</b>	<b>103,034</b>	<b>149,087</b>
<b>Net Operating Increase (Decrease):</b>		<b>1,158,527</b>	<b>1,938,132</b>	<b>6,326</b>	<b>-82,696</b>
<b>Nonoperating Revenues</b>					
370, 380, 395, 398	Other Financing Sources	1,781,048	202,876	220	0
391-393	Debt Proceeds	3,810,000	0	0	0
397	Transfers-In	2,480,343	0	0	89,786
<b>Total Nonoperating Revenues:</b>		<b>8,071,390</b>	<b>202,876</b>	<b>220</b>	<b>89,786</b>
<b>Nonoperating Expenditures</b>					
580, 596, 599	Other Financing Uses	326,201	0	0	0
591-593	Debt Service	4,085,260	0	1,786	0
594-595	Capital Expenditures	1,246,537	76,909	23,193	5,557
597	Transfers-Out	2,480,343	2,154,852	0	0
<b>Total Nonoperating Expenditures:</b>		<b>8,138,341</b>	<b>2,231,762</b>	<b>24,979</b>	<b>5,557</b>
<b>Increase (Decrease) in Cash and Investments</b>		<b>1,091,575</b>	<b>-90,752</b>	<b>-18,433</b>	<b>1,533</b>
<b>Ending Cash and Investments</b>					
50810	End Fund Bal-Reserved	15,070,681	87,209	34,696	20,621
50880	End Fund Balance-Unreserved	4,861,629	3,700,509	0	0

The accompanying notes are an integral part of this Statement.

BARS Code		103 LAW LIBRARY	104 ROAD FUND	105 VETERANS FUND	106 TOURISM DEVELOPMENT
<b>Beginning Cash and Investments</b>					
30810	Beg Fund Bal-Reserved	14,283	5,468,465	45,264	404,106
30880	Beg Fund Bal-Unreserved	0	0	0	0
38800/58800	Prior Period Adjustments, net	0	0	0	0
<b>Operating Revenues</b>					
310	Taxes	0	3,582,893	761	320,105
320	Licenses & Permits	0	0	0	0
330	Intergovernmental Revenues	0	2,427,082	0	0
340	Charges for Goods and Services	8,065	40,809	0	4,613
350	Fines & Penalties	0	0	0	0
360	Miscellaneous Revenues	0	159,538	66	0
<b>Total Operating Revenues:</b>		<b>8,065</b>	<b>6,210,322</b>	<b>826</b>	<b>324,718</b>
<b>Operating Expenditures</b>					
510	General Government	10,632	16,896	0	0
520	Public Safety	0	497,122	0	0
530	Utilities	0	0	0	0
540	Transportation	0	4,903,168	0	0
550	Natural and Economic Environment	0	0	0	274,699
560	Social Services	0	0	7,436	0
570	Culture And Recreation	0	0	0	0
598	Intergovernmental Payments	0	0	0	0
<b>Total Operating Expenditures:</b>		<b>10,632</b>	<b>5,417,186</b>	<b>7,436</b>	<b>274,699</b>
<b>Net Operating Increase (Decrease):</b>		<b>-2,567</b>	<b>793,136</b>	<b>-6,610</b>	<b>50,019</b>
<b>Nonoperating Revenues</b>					
370, 380, 395, 398	Other Financing Sources	0	226,419	0	0
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	500	0	0	0
<b>Total Nonoperating Revenues:</b>		<b>500</b>	<b>226,419</b>		
<b>Nonoperating Expenditures</b>					
580, 596, 599	Other Financing Uses	0	147,420	0	0
591-593	Debt Service	0	0	0	0
594-595	Capital Expenditures	0	738,368	0	0
597	Transfers-Out	0	0	0	0
<b>Total Nonoperating Expenditures:</b>			<b>885,788</b>		
<b>Increase (Decrease) in Cash and Investments</b>		<b>-2,067</b>	<b>133,767</b>	<b>-6,610</b>	<b>50,019</b>
<b>Ending Cash and Investments</b>					
50810	End Fund Bal-Reserved	12,217	5,602,232	38,654	454,126
50880	End Fund Balance-Unreserved	0	0	0	0

The accompanying notes are an integral part of this Statement.

BARS Code		108 FLOOD CONTROL	109 VEGETATION MANAGEMENT	110 TREASURER'S O&M	111 AUDITOR'S O&M
<b>Beginning Cash and Investments</b>					
30810	Beg Fund Bal-Reserved	712,009	93,045	127,931	81,144
30880	Beg Fund Bal-Unreserved	0	0	0	0
38800/58800	Prior Period Adjustments, net	0	0	0	0
<b>Operating Revenues</b>					
310	Taxes	0	0	0	0
320	Licenses & Permits	0	0	0	0
330	Intergovernmental Revenues	0	219,731	0	54,358
340	Charges for Goods and Services	348,272	142,325	47,706	19,526
350	Fines & Penalties	0	0	0	0
360	Miscellaneous Revenues	669	0	0	0
<b>Total Operating Revenues:</b>		<b>348,941</b>	<b>362,056</b>	<b>47,706</b>	<b>73,885</b>
<b>Operating Expenditures</b>					
510	General Government	0	0	52,722	61,992
520	Public Safety	0	0	0	0
530	Utilities	242,678	0	0	0
540	Transportation	0	0	0	0
550	Natural and Economic Environment	0	307,023	0	0
560	Social Services	0	0	0	0
570	Culture And Recreation	0	0	0	0
598	Intergovernmental Payments	0	0	0	0
<b>Total Operating Expenditures:</b>		<b>242,678</b>	<b>307,023</b>	<b>52,722</b>	<b>61,992</b>
<b>Net Operating Increase (Decrease):</b>		<b>106,263</b>	<b>55,033</b>	<b>-5,016</b>	<b>11,892</b>
<b>Nonoperating Revenues</b>					
370, 380, 395, 398	Other Financing Sources	0	0	0	0
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	0	0	0	0
<b>Total Nonoperating Revenues:</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Nonoperating Expenditures</b>					
580, 596, 599	Other Financing Uses	0	0	0	0
591-593	Debt Service	33,825	0	0	0
594-595	Capital Expenditures	0	0	0	0
597	Transfers-Out	0	0	0	0
<b>Total Nonoperating Expenditures:</b>		<b>33,825</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Increase (Decrease) in Cash and Investments</b>		<b>72,438</b>	<b>55,033</b>	<b>-5,016</b>	<b>11,892</b>
<b>Ending Cash and Investments</b>					
50810	End Fund Bal-Reserved	784,448	148,078	122,915	93,037
50880	End Fund Balance-Unreserved	0	0	0	0

The accompanying notes are an integral part of this Statement.

BARS Code		116 DEPT OF COMMUNITY DEVELOPMENT	117 ELECTION RESERVE	118 HEALTH & HUMAN SERVICES	121 EXTENSION ED PROGRAM FEES
<b>Beginning Cash and Investments</b>					
30810	Beg Fund Bal-Reserved	63,100	147,262	91,214	721
30880	Beg Fund Bal-Unreserved	697,761	0	0	0
38800/58800	Prior Period Adjustments, net	0	0	0	0
<b>Operating Revenues</b>					
310	Taxes	0	0	60,295	0
320	Licenses & Permits	400,868	0	0	0
330	Intergovernmental Revenues	189,983	36,287	1,458,933	0
340	Charges for Goods and Services	357,394	46,730	17,140	25
350	Fines & Penalties	11,950	0	0	0
360	Miscellaneous Revenues	44	0	1,656	0
<b>Total Operating Revenues:</b>		<b>960,239</b>	<b>83,017</b>	<b>1,538,023</b>	<b>25</b>
<b>Operating Expenditures</b>					
510	General Government	817,498	186,412	0	0
520	Public Safety	0	0	0	0
530	Utilities	0	0	0	0
540	Transportation	0	0	0	0
550	Natural and Economic Environment	102,986	0	0	0
560	Social Services	134,421	0	1,605,689	0
570	Culture And Recreation	0	0	0	97
598	Intergovernmental Payments	0	0	0	0
<b>Total Operating Expenditures:</b>		<b>1,054,905</b>	<b>186,412</b>	<b>1,605,689</b>	<b>97</b>
<b>Net Operating Increase (Decrease):</b>		<b>-94,666</b>	<b>-103,395</b>	<b>-67,666</b>	<b>-72</b>
<b>Nonoperating Revenues</b>					
370, 380, 395, 398	Other Financing Sources	193	0	3,382	0
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	0	120,000	79,338	0
<b>Total Nonoperating Revenues:</b>		<b>193</b>	<b>120,000</b>	<b>82,720</b>	
<b>Nonoperating Expenditures</b>					
580, 596, 599	Other Financing Uses	0	0	0	0
591-593	Debt Service	10,722	0	0	0
594-595	Capital Expenditures	0	0	0	0
597	Transfers-Out	0	0	0	0
<b>Total Nonoperating Expenditures:</b>		<b>10,722</b>			
<b>Increase (Decrease) in Cash and Investments</b>		<b>-105,195</b>	<b>16,605</b>	<b>15,055</b>	<b>-72</b>
<b>Ending Cash and Investments</b>					
50810	End Fund Bal-Reserved	101,806	163,867	106,268	649
50880	End Fund Balance-Unreserved	553,860	0	0	0

The accompanying notes are an integral part of this Statement.

BARS Code		127 PC LOW- INCOME ASSISTANCE FUND	128 PC SHELLFISH O/SS PROGRAM	132 SPECIAL INVESTIGATIVE	136 JUVENILE COURT EXPENSE FUND
<b>Beginning Cash and Investments</b>					
30810	Beg Fund Bal-Reserved	428,225	100,000	59,117	17,110
30880	Beg Fund Bal-Unreserved	0	0	0	0
38800/58800	Prior Period Adjustments, net	0	0	0	0
<b>Operating Revenues</b>					
310	Taxes	0	0	0	0
320	Licenses & Permits	0	0	0	0
330	Intergovernmental Revenues	0	0	20,000	153,415
340	Charges for Goods and Services	176,563	0	1,009	0
350	Fines & Penalties	0	0	104,772	0
360	Miscellaneous Revenues	0	0	48,272	0
<b>Total Operating Revenues:</b>		<b>176,563</b>		<b>174,052</b>	<b>153,415</b>
<b>Operating Expenditures</b>					
510	General Government	0	0	0	0
520	Public Safety	0	0	224,215	452,103
530	Utilities	0	0	0	0
540	Transportation	0	0	0	0
550	Natural and Economic Environment	125,568	0	0	0
560	Social Services	0	0	0	0
570	Culture And Recreation	0	0	0	0
598	Intergovernmental Payments	0	0	0	0
<b>Total Operating Expenditures:</b>		<b>125,568</b>		<b>224,215</b>	<b>452,103</b>
<b>Net Operating Increase (Decrease):</b>		<b>50,995</b>	<b>0</b>	<b>-50,163</b>	<b>-298,688</b>
<b>Nonoperating Revenues</b>					
370, 380, 395, 398	Other Financing Sources	0	0	36,431	0
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	0	0	131,562	281,639
<b>Total Nonoperating Revenues:</b>				<b>167,993</b>	<b>281,639</b>
<b>Nonoperating Expenditures</b>					
580, 596, 599	Other Financing Uses	0	0	0	0
591-593	Debt Service	0	0	0	0
594-595	Capital Expenditures	0	0	0	0
597	Transfers-Out	0	0	0	0
<b>Total Nonoperating Expenditures:</b>					
<b>Increase (Decrease) in Cash and Investments</b>		<b>50,995</b>	<b>0</b>	<b>117,830</b>	<b>-17,049</b>
<b>Ending Cash and Investments</b>					
50810	End Fund Bal-Reserved	479,220	100,000	176,947	60
50880	End Fund Balance-Unreserved	0	0	0	0

The accompanying notes are an integral part of this Statement.

BARS Code		138 COURT SPECIAL ACCOUNTS FUND	160 PACCOM	191 BECCA RESERVE	208 2008 LIMITED TAX GO BONDS
<b>Beginning Cash and Investments</b>					
30810	Beg Fund Bal-Reserved	20,667	119,050	84,609	179
30880	Beg Fund Bal-Unreserved	0	0	0	0
38800/58800	Prior Period Adjustments, net	0	0	0	0
<b>Operating Revenues</b>					
310	Taxes	0	191,307	0	0
320	Licenses & Permits	0	0	0	0
330	Intergovernmental Revenues	0	202,704	26,844	0
340	Charges for Goods and Services	7,772	327,282	0	0
350	Fines & Penalties	4,828	0	0	0
360	Miscellaneous Revenues	0	361	0	0
<b>Total Operating Revenues:</b>		<b>12,601</b>	<b>721,654</b>	<b>26,844</b>	
<b>Operating Expenditures</b>					
510	General Government	0	0	23,138	0
520	Public Safety	10,845	1,129,441	0	0
530	Utilities	0	0	0	0
540	Transportation	0	0	0	0
550	Natural and Economic Environment	0	0	0	0
560	Social Services	0	0	0	0
570	Culture And Recreation	0	0	0	0
598	Intergovernmental Payments	0	0	0	0
<b>Total Operating Expenditures:</b>		<b>10,845</b>	<b>1,129,441</b>	<b>23,138</b>	
<b>Net Operating Increase (Decrease):</b>		<b>1,755</b>	<b>-407,786</b>	<b>3,706</b>	<b>0</b>
<b>Nonoperating Revenues</b>					
370, 380, 395, 398	Other Financing Sources	0	0	0	0
391-393	Debt Proceeds	0	0	0	3,810,000
397	Transfers-In	0	360,115	0	313,921
<b>Total Nonoperating Revenues:</b>			<b>360,115</b>		<b>4,123,921</b>
<b>Nonoperating Expenditures</b>					
580, 596, 599	Other Financing Uses	0	0	0	0
591-593	Debt Service	0	0	0	4,021,760
594-595	Capital Expenditures	0	0	0	0
597	Transfers-Out	0	0	11,569	0
<b>Total Nonoperating Expenditures:</b>				<b>11,569</b>	<b>4,021,760</b>
<b>Increase (Decrease) in Cash and Investments</b>		<b>1,755</b>	<b>-47,671</b>	<b>-7,863</b>	<b>102,161</b>
<b>Ending Cash and Investments</b>					
50810	End Fund Bal-Reserved	22,423	71,379	76,746	102,341
50880	End Fund Balance-Unreserved	0	0	0	0

The accompanying notes are an integral part of this Statement.

BARS Code		301 CAPITAL IMPROVEMENTS	302 LOCAL OPTION TAX SPEC REVENUE	403 EKLUND PARK	502 EQUIPMENT RENTAL & REVOLVING
<b>Beginning Cash and Investments</b>					
30810	Beg Fund Bal-Reserved	453,762	240,107	14,392	0
30880	Beg Fund Bal-Unreserved	0	0	0	3,530,262
38800/58800	Prior Period Adjustments, net	0	0	0	0
<b>Operating Revenues</b>					
310	Taxes	310,989	227,760	0	0
320	Licenses & Permits	0	0	0	0
330	Intergovernmental Revenues	29,363	0	0	0
340	Charges for Goods and Services	0	0	18,608	1,902,047
350	Fines & Penalties	0	0	0	0
360	Miscellaneous Revenues	1,935	0	14	5,789
<b>Total Operating Revenues:</b>		<b>342,287</b>	<b>227,760</b>	<b>18,621</b>	<b>1,907,836</b>
<b>Operating Expenditures</b>					
510	General Government	73,110	0	0	466,396
520	Public Safety	0	0	0	0
530	Utilities	0	0	468	10,215
540	Transportation	0	0	0	1,290,139
550	Natural and Economic Environment	0	0	0	0
560	Social Services	0	0	0	0
570	Culture And Recreation	0	0	0	0
598	Intergovernmental Payments	0	0	0	0
<b>Total Operating Expenditures:</b>		<b>73,110</b>		<b>468</b>	<b>1,766,750</b>
<b>Net Operating Increase (Decrease):</b>		<b>269,177</b>	<b>227,760</b>	<b>18,153</b>	<b>141,086</b>
<b>Nonoperating Revenues</b>					
370, 380, 395, 398	Other Financing Sources	0	0	0	4,208
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	1,000,000	0	0	103,481
<b>Total Nonoperating Revenues:</b>		<b>1,000,000</b>			<b>107,689</b>
<b>Nonoperating Expenditures</b>					
580, 596, 599	Other Financing Uses	29,363	149,418	0	0
591-593	Debt Service	0	0	17,168	0
594-595	Capital Expenditures	0	0	0	388,417
597	Transfers-Out	313,921	0	0	0
<b>Total Nonoperating Expenditures:</b>		<b>343,284</b>	<b>149,418</b>	<b>17,168</b>	<b>388,417</b>
<b>Increase (Decrease) in Cash and Investments</b>		<b>925,893</b>	<b>78,342</b>	<b>986</b>	<b>-139,642</b>
<b>Ending Cash and Investments</b>					
50810	End Fund Bal-Reserved	1,379,655	318,449	15,376	3,390,620
50880	End Fund Balance-Unreserved	0	0	0	0

The accompanying notes are an integral part of this Statement.

BARS Code		522 PAYROLL INTERNAL SERVICE FUND	531 CUMULATIVE RESERVE/INSUR ANCE
<b>Beginning Cash and Investments</b>			
30810	Beg Fund Bal-Reserved	904,482	32,929
30880	Beg Fund Bal-Unreserved	582,627	356,221
38800/58800	Prior Period Adjustments, net	0	0
<b>Operating Revenues</b>			
310	Taxes	0	0
320	Licenses & Permits	0	0
330	Intergovernmental Revenues	0	0
340	Charges for Goods and Services	353,807	490,135
350	Fines & Penalties	0	0
360	Miscellaneous Revenues	2,439	1,143
<b>Total Operating Revenues:</b>		<b>356,246</b>	<b>491,278</b>
<b>Operating Expenditures</b>			
510	General Government	1,730,279	510,341
520	Public Safety	0	2,487
530	Utilities	0	0
540	Transportation	0	0
550	Natural and Economic Environment	0	0
560	Social Services	0	0
570	Culture And Recreation	0	0
598	Intergovernmental Payments	0	0
<b>Total Operating Expenditures:</b>		<b>1,730,279</b>	<b>512,828</b>
<b>Net Operating Increase (Decrease):</b>		<b>-1,374,033</b>	<b>-21,550</b>
<b>Nonoperating Revenues</b>			
370, 380, 395, 398	Other Financing Sources	1,307,319	0
391-393	Debt Proceeds	0	0
397	Transfers-In	0	0
<b>Total Nonoperating Revenues:</b>		<b>1,307,319</b>	
<b>Nonoperating Expenditures</b>			
580, 596, 599	Other Financing Uses	0	0
591-593	Debt Service	0	0
594-595	Capital Expenditures	0	14,093
597	Transfers-Out	0	0
<b>Total Nonoperating Expenditures:</b>			<b>14,093</b>
<b>Increase (Decrease) in Cash and Investments</b>		<b>-66,714</b>	<b>-35,643</b>
<b>Ending Cash and Investments</b>			
50810	End Fund Bal-Reserved	1,066,642	100,000
50880	End Fund Balance-Unreserved	353,754	253,507

The accompanying notes are an integral part of this Statement.

FIDUCIARY FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2013

BARS Code		Total for All funds	620 Drug Task Force	633 Dispute Resolution	660 Post Closure Fund
308	Beginning Cash and Investments	849,183	0	310	371,314
388 and 588	Prior Period Adjustments, net	0	0	0	0
310-360	Revenues	644,000	1,192	5,100	53,154
380-390	Other Increases and Financing Sources	33,437	0	0	0
510-570	Expenditures	71,346	1,192	0	70,154
580-590	Other Decreases and Financing Uses	413,314	0	5,080	0
<b>Increase (Decrease) in Cash and Investments</b>		<b>192,777</b>	<b>0</b>	<b>20</b>	<b>-17,000</b>
508	Ending Cash and Investments	1,041,961	0	330	354,314

BARS Code		661 TR Trust	662 Foreclosure Trust	663 Advance Tax	664 Over Pd Tax
308	Beginning Cash and Investments	2,700	70,124	134	673
388 and 588	Prior Period Adjustments, net	0	0	0	0
310-360	Revenues	0	74,892	0	0
380-390	Other Increases and Financing Sources	13,528	0	-134	-526
510-570	Expenditures	0	0	0	0
580-590	Other Decreases and Financing Uses	10,329	44,155	0	0
<b>Increase (Decrease) in Cash and Investments</b>		<b>3,199</b>	<b>30,737</b>	<b>-134</b>	<b>-526</b>
508	Ending Cash and Investments	5,899	100,862	0	146

BARS Code		665 Unclaimed Property	666 State Drug Task Force	667 State Leasehold Excise	668 Private Harvest
308	Beginning Cash and Investments	268	0	0	334,622
388 and 588	Prior Period Adjustments, net	0	0	0	0
310-360	Revenues	0	0	1,374	508,288
380-390	Other Increases and Financing Sources	0	755	0	0
510-570	Expenditures	0	0	0	0
580-590	Other Decreases and Financing Uses	0	755	1,374	334,622
<b>Increase (Decrease) in Cash and Investments</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>173,666</b>
508	Ending Cash and Investments	268	0	0	508,288

BARS Code		669 DPW Deposits	670 Road Vac
308	Beginning Cash and Investments	68,938	100

The accompanying notes are an integral part of this Statement.

388 and 588	Prior Period Adjustments, net	0	0
310-360	Revenues	0	0
380-390	Other Increases and Financing Sources	19,815	0
510-570	Expenditures	0	0
580-590	Other Decreases and Financing Uses	16,999	0
Increase (Decrease) in Cash and Investments		2,816	0
508	Ending Cash and Investments	71,754	100

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

**Pacific County**  
**Notes to Financial Statements**  
**January 1, 2013 through December 31, 2013**

**Note 1 - Summary of Significant Accounting Policies**

The County of Pacific reports financial activity using the revenue and expenditure classifications, statements, and schedules contained in the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) manual. This basis of accounting and reporting is another comprehensive basis of accounting (OCBOA) that is prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW.

The County of Pacific was incorporated on 1851 and operates under the laws of the state of Washington applicable to a County. The County of Pacific is a general purpose government and provides: public safety, road and street maintenance, planning and zoning, parks and recreation, judicial administration, health and social services, and general administrative services. In addition, Pacific County owns and operates a communications system. The County of Pacific uses single-entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

A. Fund Accounting

The accounts of the County of Pacific are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of single-entry accounts that comprises its cash, investments, revenues and expenditures, as appropriate. The County of Pacific resources are allocated to and accounted for in individual funds depending on their intended purpose. The following are the fund types used by the County of Pacific.

GOVERNMENTAL FUND TYPES:

General (Current Expense) Fund

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

Special Revenue Funds

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

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 of Pacific on a cost reimbursement basis.

## FIDUCIARY FUND TYPES:

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

### Agency Funds

These funds are used to account assets the County of Pacific holds for others in an agency capacity.

## B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Revenues are recognized only when cash is received and expenditures are recognized when paid, including those properly chargeable against the report year budget appropriations as required by state law.

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

Purchases of capital assets are expensed during the year of acquisition. There is no capitalization of capital assets, nor allocation of depreciation expense. Inventory is expensed when purchased.

The basis of accounting described above represents a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

## C. Budgets

The County of Pacific adopts annual appropriated budgets for all funds. These budgets are appropriated at the fund level within a fund in four categories (except the general (current expense) fund, where budget is adopted at the department level). These categories are: Personnel Costs, Capital Outlay, Debt Service, and Operating Expenditure. 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:

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 of Pacific legislative body.

Fund	Operation/Program Title	Personnel Expenses		Operating Expenses		Debt Services		Capital		2013		
		Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Variance
<b>001</b>	<b>Total Current Expense Fund</b>									-	-	-
030	County Code			2,000	5,118					2,000	5,118	(3,118)
034	Public (Indigent) Defense Services			394,562	376,303					394,562	376,303	18,259
061	Juvenile Detention ("Contract Beds")	6,392	6,392	88,608	83,690					95,000	90,082	4,918
100	County Assessor	524,689	520,069	262,595	86,196			30,723	26,357	818,007	632,622	185,385
200	County Auditor	261,129	250,931	139,180	111,243					400,309	362,173	38,136
301	County Commissioners	286,833	286,832	35,320	35,297					322,153	322,129	24
302	Cooperative Extension Services	31,009	31,008	24,011	23,906					55,020	54,913	107
303	Civil Service Commission	12,326	12,289	4,185	3,616					16,511	15,905	606
305	Interfund Support			2,601,371	2,601,371					2,601,371	2,601,371	-
311	General Facilities	172,608	167,036	360,431	350,199					533,039	517,235	15,804
312	County Parks			32,768	29,727					32,768	29,727	3,041
313	Telecommunications			156,080	151,640					156,080	151,640	4,440
34X	Dept. of Gen. Administration	124,472	124,355	23,269	22,395					147,741	146,750	991
400	County Clerk	249,054	249,047	27,902	26,293					276,956	275,340	1,616
510	North (Willapa) District Court	214,291	214,290	15,891	14,804					230,182	229,094	1,088
560	South (Peninsula) District Court	282,700	282,699	24,686	22,816					307,386	305,515	1,871
600	Superior Court	290,629	289,931	117,525	106,732					408,154	396,663	11,491
700	County Prosecuting Attorney	582,137	582,135	73,690	73,429					655,827	655,564	263
801	Law Enforcement Services	992,374	990,461	430,865	430,800			7,000		1,430,239	1,421,262	8,977
802	Correction Services	921,855	921,211	273,147	266,064					1,195,002	1,187,275	7,727
803	Communications			62,258	60,732					62,258	60,732	1,526
900	County Treasurer	268,096	268,083	63,544	62,632					331,640	330,715	925
197	Cumulative Reserve Fund	1,320	1,320	158,680	56,368			640,000	50,552	800,000	108,240	691,760
101	County Fair Fund	34,183	34,182	69,978	68,852	1,786	1,786	23,500	23,193	129,447	128,013	1,434
102	Emergency Management (PCEMA) Fund	77,433	77,433	106,599	71,655			13,135	5,557	197,167	154,645	42,522
103	Law Library Fund			19,200	10,632					19,200	10,632	8,568
104	Road Fund Public Works M & O	1,985,285	1,836,861	3,450,331	3,426,942			2,028,000	542,049	7,463,616	5,805,852	1,657,764
104	Traffic Law Enforcement	497,156	497,122							497,156	497,122	34
105	Veterans' Relief Fund	2,173	2,164	11,051	5,272					13,224	7,436	5,788
106	Tourist Development Fund	12,400	12,280	268,600	262,419					281,000	274,698	6,302
108	Flood Control Zone District No. 1 Fund	73,600	66,380	252,655	176,298	151,800		33,825	33,825	511,880	276,503	235,377
109	Vegetation Management (NW Ctrl.) Fund	196,761	158,825	162,627	148,198					359,388	307,024	52,364
110	Treasurer's O&M Fund	21,512	21,512	60,510	31,210					82,022	52,722	29,300
111	Auditor's Operation & Maintenance Fund	26,125	25,500	40,035	36,492					66,160	61,992	4,168
112	Treasurer's REET Electronic Tech. Fund	5,659	5,658	5,722	170					11,381	5,828	5,553
116	Community Development Fund	787,790	710,908	385,590	354,719					1,173,380	1,065,627	107,753
117	Election Reserve Fund	123,159	119,018	85,794	67,394					208,953	186,412	22,541
118	Public Health & Human Services Fund	1,041,832	953,506	794,648	652,184					1,836,480	1,605,689	230,791
121	Coop. Extension Special Programs Fund			100	97					100	97	3
301	Cap. Improvements (0.25% REET) Fund	71,769	71,750	371,352	344,644			1,000,000		1,443,121	416,394	1,026,726
302	Public Facilities Improvements Fund			169,418	149,418					169,418	149,418	20,000
127	PC Low-Income Assistance Fund	12,577	12,577	275,170	112,991					287,747	125,568	162,179
128	Shellfish On-Site Sewage Program Fund			100,000						100,000	-	100,000
132	Special Investigations Fund	196,981	196,157	31,248	28,058					228,229	224,215	4,014
136	Juvenile Court Services Fund	387,606	377,790	92,300	74,313			7,281		487,187	452,103	35,083
138	Courts Special Account Fund	10,488	10,488	357	357					10,845	10,845	-
160	PACCOM (E-911) Fund	998,393	963,146	176,763	166,294			160,000		1,335,156	1,129,441	205,716
191	BECCA Reserve Fund	23,138	23,138	11,569	11,569					34,707	34,707	-
208	2008 LTGO Bond Redemption Fund			16,660	16,657	323,899	213,921			340,559	230,578	109,981
403	Eklund Park Sewer Fund			7,354	468	17,168	17,168			24,522	17,636	6,886
502	Equipment Rental & Revolving Fund	564,111	497,611	1,594,124	1,269,139			457,500	388,417	2,615,735	2,155,167	460,568
522	Payroll Internal Services Fund	1,956,808	1,693,737	82,496	36,542					2,039,304	1,730,278	309,026
	Risk Management Fund	140,858	139,601	421,790	373,227			15,130	14,093	577,778	526,921	50,857

D. Cash

It is the County of Pacific 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 credited to the General Fund if not designed to go to the individual fund.

E. Deposits

The County of Pacific deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and the Washington Public Deposit Protection Commission.

F. Investments See Note 2, *Investments*.

G. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of 5 years. The capital assets of the County of Pacific are recorded as expenditures when purchased.

H. Compensated Absences

Vacation leave may be accumulated up to 240 hours and is payable upon separation or retirement.

Sick leave may be accumulated as defined by union contracts. Upon separation or retirement employees do not receive payment for unused sick leave.

I. Long-Term Debt See Note 4, *Debt Service Requirements*.

J. Risk Management

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

**Background:** The Pool was formed August 18, 1988 after an Interlocal (Cooperative) Agreement under Chapter 39.34 RCW was approved by several Washington counties. The agreement and cooperative created a mechanism to provide member counties with “joint” programs and services including self-insurance, purchasing of insurance, and contracting for or hiring of personnel to provide administrative services, claims handling, and risk management. Washington’s pools operate under the state’s “pooling” laws and regulations, more specifically, RCW 48.62 RCW and WAC 200.100. They must be first approved and then are overseen by the State Risk Manager, and they are subject to annual fiscal audits performed and issued by the State Auditor’s Office.

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

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

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

The Pool’s mission is: To provide comprehensive and economical risk coverage; to reduce the frequency and severity of losses; and to decrease costs incurred in the managing and litigation of claims. Its core values include: being committed to learn, understand and respond to the member counties’ insurance needs; being committed to establish working relationships with all members that identify business issues and jointly

develop solutions; member counties commit to allocate necessary resources to risk management in their own operations. The Pool's board of directors and professional staff share a commitment to manage the organization based on sound business principles, benchmarked industry standards and measurable outcomes, and being committed to continuous planning and innovation in product development and service delivery.

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

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

**Joint Self-Insurance Liability Program (“JSILP”):** The Pool, which recently celebrated its Silver Anniversary, has been providing its membership with occurrence-based, jointly purchased and/or jointly self-insured 3<sup>rd</sup>-party liability coverage since October 1, 1988 for bodily injury, personal injury, property damage, errors and omissions, and advertising injury caused by an occurrence during the policy period and occurring anywhere in the world. Total coverage limits have grown from the \$1 million limit that existed during the Pool's initial two insuring months to \$5 million, then to \$10 million and onto \$15 million before reaching the \$20 million occurrence limit that has existed since October 1, 2003. (Note: Additional occurrence limits of \$5 million have been available for many years for member counties to choose as an individual county-by-county option.) There are no aggregate limits to the payments the WCRP makes for any one member county or all member counties combined.

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

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

616 third-party liability claims (and lawsuits) were reported to the Pool by its member counties during Py2013, and added to the Pool's administrative database. This represented a 3% reduction in year-over-year filings and a continuation of recent years' decline in annual filings. The new filings raised the to-date total (Oct 1988 – Sep 2013) to 19,232. Total incurred losses (payments made plus reserve estimates for *open* claims) increased \$8.1 million during Py2013 to \$250.9 million. The annual amount is 50%

more than the corresponding Py2012 amount of \$5.4M, but it represents just 51% of the Py2011 increase of \$16.0M, 46% of the \$17.8M in Py2010, and only 39% of the \$20.8M annual average for Py2007 through Py2009. Only 327 claims remained classified as 'open' at year-end. With 307 additional claims projected by the actuary from all years as incurred but not yet reported ("IBNR"), the Pool's estimated ultimate claims totaled 19,539 as of September 30, 2013.

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

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

The WCPP includes All Other Peril coverage limits of \$500 million per occurrence for losses to buildings and contents, vehicles, mobile/contractors equipment, EDP and communication equipment, etc., as well as Flood and Earthquake (catastrophe) coverages with separate occurrence limits, each being \$200 million. All Other Perils coverage limits apply to any occurrence, even those affecting more than one participating county, and there are no annual (AOP) aggregate limitations. Flood and Earthquake coverages each include annual aggregate limits of \$200 million. The WCPP coverage also includes sublimited items, e.g. Equipment Breakdown / Boiler & Machinery (\$100 million), Special Flood Hazard Areas (\$25 million). And there are endorsements for Green Construction Upgrades, Reproduction Coverage for Historic Structures, and Terrorism (\$20 million).

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

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

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

**Governance / Oversight:** The Pool is governed by a board of directors consisting of one director (and at least one alternate director) appointed by each member county. The Board, which is made up of both elected and appointed county officials, meets three

times each year with the summer meeting being the Pool's Annual Meeting. The board of directors is responsible for a) determining the extent of the 3<sup>rd</sup>-party self-insured liability coverage to be offered (approving the insuring document or coverage form), b) selecting the reinsurance program(s) to acquire and the excess insurance(s) to be jointly purchased or offered for optional purchase by the member counties, c) approving the Pool's annual operating budget(s) and work program(s), and d) approving the members' deposit assessment and reassessment formulas for the policy year ensuing and for any deficient prior period(s).

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

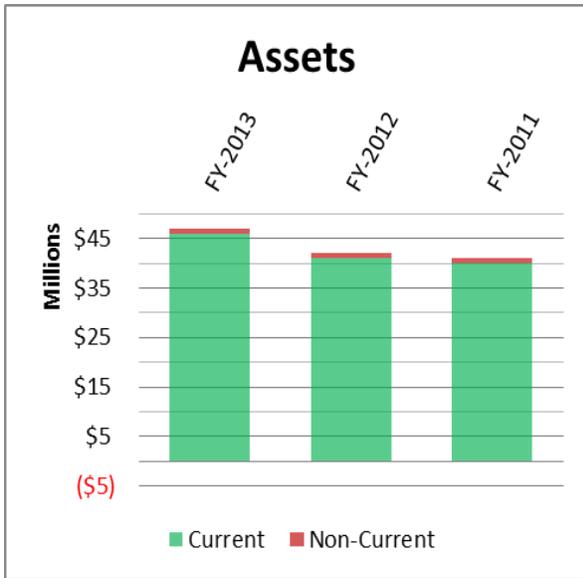
**Staffing and Support Teams:** The Pool's multi-person claims staff with years of combined experience handles or oversees the handling of the several hundred liability cases each year filed upon and submitted by the Pool's member counties. This includes establishing reserves for covered events and estimating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

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

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

\$3.75 million in operating income was experienced during Py2013, an increase of 111% from Py2012. Operating revenues were 'flat', but expenses declined nearly \$2.0 million (-15%). This reduction was in part due to even more favorable adjustments by the

independent actuary, PricewaterhouseCoopers LLP (“PwC”), to the Pool’s claims-related reserves, and to the reduction (-26%) in the premiums to acquire the reinsurance, excess insurance and property insurance policies requested by the Board.



**Contingent Liability:** The Pool is a cooperative program with joint liability amongst its participating members. Contingent liabilities occur when assets are not sufficient to cover liabilities. Deficits of the Pool resulting from any fiscal year are financed by reassessments (aka retroactive assessments) placed upon the deficient year’s membership in proportion with the deposit assessments initially levied and collected. The Pool’s reassessments receivable balance at December 31, 2013 was ZERO (\$0) as there were no known contingent liabilities at that time.

K. Reserved Fund Balance

Fund	Amount Reserved	Reason Reserved
1	\$87,209	Treasurer's REET as defined in RCW 82.45.180
101	\$34,696	Maintenance and operation of Pacific County Fair
102	\$20,621	Emergency Management functions as defined in RCW 38.52.010
103	\$12,217	Law Library as defined in RCW 27.24.070
104	\$5,602,232	Roads Maintance as defined in RCW 36.82.010
105	\$38,654	Veteran Relief as defined in RCW 73.08.080
106	\$454,126	Tourism Development as defined in RCW 67.28.181
108	\$784,448	Maintenance and operation of the Flood Control District
109	\$148,078	Vegetation Management as defined in RCW 17.10.240
110	\$122,915	Treasurer's Operation and Maintenance as defined in RCW 84.56.020
111	\$93,037	Auditors's Operation and Maintenance as defined in RCW 36.22.170
116	\$101,806	Managing Community Development regulations
117	\$163,867	Elections as defined in RCW 36.33.200
118	\$106,268	Health as defined in RCW 82.14.460
121	\$649	Provide education opportunities to interested individuals
127	\$479,220	Low Income Assistance as defined by RCW 43.185.060
128	\$100,000	Per Grant requirements of Septic systems
132	\$176,947	Drug enforcement activities
136	\$60	Juvenile as restricted per grant requirements
138	\$22,423	Court costs as defined by RCW 36.18.016 and 26.12.240
160	\$71,379	E911 as defined by RCW 38.52.510
191	\$76,746	Becca Court costs as restricted per grant requirements
403	\$15,376	Reserved for use of Eklund Park Loan Payment
301	\$1,379,665	Capital Improvements as defined by RCW 82.46.010 and 82.46.035
302	\$318,449	Capital Improvements in the community as defined by RCW 82.14.370
208	\$102,341	Debt Service
522	\$1,066,642	Compensated Absense and LEOFF Liability
531	\$100,000	Judgements and Claims

**Note 2 - Investments**

The County of Pacific’s investments are insured, registered or held by the county or its agent in the County of Pacific’s name.

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

Investment	Fair value of Pacific County investments	Fair value of investments held by Pacific County as agent for other local governments	Total
State Investment Pool (LGIP)	20,172,003.62	21,734,206.33	41,906,209.95
Bank of the Pacific (investment cking)		817,203.31	817,203.31
Bank of the Pacific checking	1,140,608.64		1,140,608.64
Ocean Beach Hospital (BOP)		167,507.09	167,507.09
Security State Checking Account	1,136,407.31		1,136,407.31
Key Bank Fire #1 EMS		11,219.79	11,219.79
Certificates of Deposit (BOP)	864,831.22	147,187.03	1,012,018.25
U.S. Agency Bonds	1,003,001.83	524,892.48	1,527,894.31
Petty Cash	2,000.00		2,000.00
Cash & Check in Transit	190,852.36		190,852.36
Total	24,509,704.98	23,402,216.03	47,911,921.01

**Note 3 - Property Tax**

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

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

The County’s 2013 regular levy for the General Fund was \$1.517810 per \$1,000, which included \$59,321 for Mental Health on an assessed valuation of \$2,372,878,571 for a total regular levy of \$3,601,579.

The County is also authorized to levy \$2.25 per \$1,000 of assessed valuation in unincorporated areas for road construction and maintenance. This levy is subject to the same limitations as the levy for general government services. The County’s road levy for 2013 was \$1.665494 per \$1,000 on an assessed valuation of \$1,767,610,431 for a total road levy of \$2,943,945.

**Note 4 – Debt Service Requirements**

The accompanying Schedule of Long-Term Liabilities (09) provides more details of the outstanding debt and liabilities of the County of Pacific and summarizes the County of Pacific debt transactions for year ended December 31, 2013.

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

	General Obligation Bonds	Revenue Bonds	Total Debt
2014	433,917	33,663	467,580
2015	332,304	33,501	365,805
2016	335,691	33,339	369,022
2017	332,667	33,178	365,845
2018	334,641	33,016	367,649
2019-2023	1,674,258	98,076	1,772,334
2024-2028	1,665,932	-	1,665,932
2029-2033	94,770	-	94,770
2034-2038	77,146	-	77,146
2039-2043	8,930	-	8,930
2044-2048	6,920	-	6,920
<b>TOTALS</b>	<b>5,297,160</b>	<b>264,773</b>	<b>5,561,933</b>

**Note 5 - Pension Plans**

Substantially all Pacific County full-time and qualifying part-time employees participate in PERS, LEOFF, and PSERS administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. Actuarial information is on a system-wide basis and is not considered pertinent to the Counties financial statements. Contributions to the systems by both employee and employer are based upon gross wages covered by plan benefits.

Historical trend or other information regarding each plan is presented in the Washington State Department of Retirement Systems annual financial report. A copy of this report may be obtained by writing to:

Department of Retirement Systems  
 Communications Unit  
 PO Box 48380  
 Olympia, WA 98504-8380

**Note 6 - Other Disclosures**

**OPEB**

The County of Pacific has a commitment to pay for post-employment benefits for employees that belong to LEOFF1. These benefits include medical, vision, nursing care, etc. Four retirees received benefits during the year and \$61,392 was paid out for those benefits during the year. The County of Pacific is a pay as you go for this liability we have reserved \$338,218 for this future expense and continue to budget \$100,000 per year.

**DEBT**

Pacific County refinanced the GO Bond debt that was held by Bank of Pacific. This bond was refinanced for a lower payment with lower interest and would keep the same maturity date.

Department of Community Development has \$500,000 line of credit from the Department of Ecology offering on site financial repair program loans (Loan No L1200031, FY 2012 Funding Cycle). Currently no money has been drawn from the line of credit.

**TOTAL FOR ALL FUNDS**

Beginning balance for all funds on the C4 is \$2 less than the ending balance in 2012.

**Pacific County**

Schedule of Liabilities  
For the year ended December 31, 2013

Debt Type	ID. No.	Description	Maturity/Payment Due Date	Beginning Balance January 1, 2013	Additions	Reductions	Ending Balance December 31, 2013
<b>General Obligations</b>							
	251.11	GO Bonds Bank of Pacific	11/1/2028	3,856,103	0	3,856,103	0
	251.11	GO Bond Refi	12/1/2028	0	3,810,000	0	3,810,000
	263.81	Eklund Park	9/1/2036	245,554	0	6,100	239,454
	263.81	PWTF FCDZ #1	9/14/2022	291,316	0	32,368	258,947
	263.81	USDA Fair Loan	11/1/2047	32,875	0	440	32,441
	259.11	Compensated Absences		601,225	127,199	0	728,424
	259.11	OPEB Liability		302,257	97,353	61,392	338,218
		<b>Total General Obligations:</b>		<b>5,329,330</b>	<b>4,034,552</b>	<b>3,956,184</b>	<b>5,407,698</b>
		<b>Total Liabilities:</b>		<b>5,329,330</b>	<b>4,034,552</b>	<b>3,956,184</b>	<b>5,407,698</b>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For the Year Ended December 31, 2013**

Federal Agency Name/Pass-Through Agency Name	Federal Program Name	CFDA Number	Other Award Number	Expenditures			Footnote Ref
				From Pass-Through Awards	From Direct Awards	Total Amount	
Department of Justice Office of Community Oriented Policing Services	Public Safety Partnership and Community Policing Grants	16.710	2011JUMWX0194		55,052	55,052	1
Department of Agriculture Food and Nutrition Service/Dept of Health	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	C16896	125,059		125,059	1,7
Department of Agriculture Food and Nutrition Service/Dept of Health	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	C16806	69,811		69,811	1,2,10
Department of Agriculture Food and Nutrition Service/Dept of Health	WIC Farmers' Market Nutrition Program (FMNP)	10.572	C16896	115		115	1,2
Office Of Community Planning And Development, Department Of Housing And Urban Development/	Community Development Block Grants/Entitlement Grants	14.218	09-64009-030		29,363	29,363	1
Department of Justice Office of Juvenile Justice and Delinquency Prevention	Juvenile Accountability Block Grants	16.523	0663-05691-07		9,000	9,000	1

Department of Justice Violence Against Women Office	Violence Against Women Formula Grants	16.588	F11-31103-030		2,276	2,276	1
Department of Justice Office of Juvenile Justice and Delinquency Prevention/DSHS	Enforcing Underage Drinking Laws Program	16.727	1363-70094	2,000		2,000	1,2
Department of Justice Office of Juvenile Justice and Delinquency Prevention/DSHS	Enforcing Underage Drinking Laws Program	16.727	1163-27318/1363-82382	72,482		72,482	1,2
<b>Total CFDA</b>			<b>16.727</b>	<b>74,482</b>	<b>0</b>	<b>74,482</b>	
Department of Transportation Federal Highway Administration (FHWA)	Highway Planning and Construction	20.205	HSIP-B256(008) LA-8180		44,740	44,740	1
Department of Transportation Federal Highway Administration (FHWA)	Highway Planning and Construction	20.205	HSIP-000S(301) LA-7650		291,847	291,847	1
Department of Transportation Federal Highway Administration (FHWA)	Highway Planning and Construction	20.205	MP 4.00 TO MP 5.04 STRP-M250(003) LA-7275		347,106	347,106	1
Department of Transportation Federal Highway Administration (FHWA)	Highway Planning and Construction	20.205	MP.00 to MP 1.93 STRP-F250(002) LA-7962		21,129	21,129	1
Department of Transportation Federal Highway Administration (FHWA)	Highway Planning and Construction	20.205	ER1201_(018)T250		14,287	14,287	1
<b>Total CFDA</b>			<b>20.205</b>	<b>0</b>	<b>719,109</b>	<b>719,109</b>	
Department of Health and Human Services Centers for Disease Control and Prevention/Dept of Health	Public Health Emergency Preparedness	93.069	C16896	87,090		87,090	1,2,9
Department of Health and Human Services Office of Population Affairs/Dept of Health	Family Planning_Services	93.217	C16896	8,526		8,526	1,2,11

Department of Health and Human Services Centers for Disease Control and Prevention/Dept of Health	Immunization Cooperative Agreements	93.268	C16896	15,757	15,757	15,757	1,2,8
Department of Health and Human Services Centers for Disease Control and Prevention	Immunization Cooperative Agreements	93.268	n/a		2,783	2,783	4
<b>Total CFDA 93.268</b>				<b>15,757</b>	<b>2,783</b>	<b>18,540</b>	
Department of Health and Human Services Substance Abuse and Mental Health Services Administration/Dept of Health	Drug-Free Communities Support Program Grants	93.276	1H79SP015713-03 AND 04	137,760		137,760	1,2
Department of Health and Human Services Centers for Disease Control and Prevention/Grays Harbor County	Centers for Disease Control and Prevention_ Investigations and Technical Assistance	93.283	n/a	12,498		12,498	1,3
Department of Health and Human Services Centers for Disease Control and Prevention/Dept of Health	PPHF 2012 - Prevention and Public Health Fund (Affordable Care Act) - Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by 2012 Prevention and Public Health Funds	93.539	C16896	7,300		7,300	1,2,8
Department of Health and Human Services Administration for Children and Families/DSHS	Promoting Safe and Stable Families	93.556	1263-52715	2,585		2,585	1,2,12

Department of Health and Human Services Centers for Disease Control and Prevention	Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance -- Financed in part by the Prevention and Public Health Fund (PPHF-2012)	93.733	n/a		476	476
Department of Health and Human Services Centers for Medicare and Medicaid Services/DSHS	Medical Assistance Program	93.778	HCA CONTRACT #k5768	4,716	4,716	1,2
Department of Health and Human Services Centers for Medicare and Medicaid Services/Dept of Health	Medical Assistance Program	93.778	1263-52715	18,482	18,482	1,2,7
Department of Health and Human Services Centers for Medicare and Medicaid Services/Dept of Health	Medical Assistance Program	93.778	N/A	25,688	25,688	1,2,16
Department of Health and Human Services Centers for Medicare and Medicaid Services/Dept of Health	Medical Assistance Program	93.778	1163-35262	32,396	32,396	1,2,13
		<b>Total CFDA 93.778</b>		<b>81,281</b>	<b>81,281</b>	
Department of Health and Human Services Office of the Secretary/Dept of Health	National Bioterrorism Hospital Preparedness Program	93.889	C16896	3,500	3,500	1,2,14
Department of Health and Human Services Substance Abuse and Mental Health Services Administration/DSHS	Block Grants for Community Mental Health Services	93.958	1163-27318/1363-88539	33,419	33,419	1
Department of Health and Human Services Substance Abuse and Mental Health Services Administration/DSHS	Block Grants for Prevention and Treatment of Substance Abuse	93.959	1163-27318	64,807	64,807	1,2

Department of Health and Human Services Health Resources and Services Administration/Dept of Health	Maternal and Child Health Services Block Grant to the States	93.994	c16896	34,705	34,705	1,5
Department of Homeland Security	Emergency Management Performance Grants	97.042	#E12-042		21,968	1,2
Department of Homeland Security	Homeland Security Grant Program	97.067	N/A		3,611	1
Department of Homeland Security	Homeland Security Grant Program	97.067	SHSP FY 2010		17,156	1
Department of Homeland Security	Homeland Security Grant Program	97.067	SHSP FY 2010		8,490	1,2
<b>Total CFDA 97.067</b>				<b>0</b>	<b>29,257</b>	<b>29,257</b>
<b>Total Federal Awards Expended:</b>				<b>758,696</b>	<b>869,284</b>	<b>1,627,980</b>

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

NOTE 1 - BASIS OF ACCOUNTING

This schedule is prepared on the same basis of accounting as the Pacific County financial statements. The county uses the Cash basis of Accounting.

NOTE 2 - PROGRAM COSTS

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including Pacific Counties portion, are more than shown.

NOTE 3 - INDIRECT COST RATE

The amount expended includes \$1,836.26 claimed as an indirect cost recovery using an approved indirect cost rate of 16.68 percent.

NOTE 4 - NONCASH AWARDS - VACCINATIONS

The amount of vaccinations reported on the schedule is the value of vaccine received by the Pacific County during current year and priced as prescribed by Department of Health.

NOTE 5 - INDIRECT COST RATE

The amount expended includes \$4,961.25 claimed as an indirect cost recovery using an approved indirect cost rate of 16.68 percent.

NOTE 6 - INDIRECT COST RATE

The amount expended includes \$963.11 claimed as an indirect cost recovery using an approved indirect cost rate of 16.68 percent.

NOTE 7 - INDIRECT COST RATE

The amount expended includes \$24,497.05 claimed as an indirect cost recovery using an approved indirect cost rate of 16.68 percent.

NOTE 8 - INDIRECT COST RATE

The amount expended includes \$5,963.16 claimed as an indirect cost recovery using an approved indirect cost rate of 16.68 percent.

NOTE 9 - INDIRECT COST RATE

The amount expended includes \$12,950.28 claimed as an indirect cost recovery using an approved indirect cost rate of 16.68 percent.

NOTE 10 - INDIRECT COST RATE

The amount expended includes \$10,453 claimed as an indirect cost recovery using an approved indirect cost rate of 16.68 percent.

NOTE 11 - INDIRECT COST RATE

The amount expended includes \$15,137.42 claimed as an indirect cost recovery using an approved indirect cost rate of 16.68 percent.

NOTE 12 - INDIRECT COST RATE

The amount expended includes \$392.04 claimed as an indirect cost recovery using an approved indirect cost rate of 10 percent.

## ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

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

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