



# Washington State Auditor's Office

Government that works for citizens

## Financial Statements and Federal Single Audit Report **Pacific County**

**For the period January 1, 2015 through December 31, 2015**

**Published September 29, 2016**

**Report No. 1017489**





## Washington State Auditor's Office

September 29, 2016

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  
OLYMPIA, WA

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# SCHEDULE OF FINDINGS AND QUESTIONED COSTS

## Pacific County January 1, 2015 through December 31, 2015

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

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

#### Financial Statements

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

#### Internal Control over Financial Reporting:

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

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

#### Federal Awards

#### Internal Control over Major Programs:

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

We issued an unmodified opinion on the County's compliance with requirements applicable to each of its major federal programs, with the exception of the CFDA 16.735 - PREA Program: Demonstration Projects to Establish 'Zero Tolerance' Cultures for Sexual Assault in Correctional Facilities, on which we issued an adverse opinion on compliance with applicable requirements.

We reported findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

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

The following programs were selected as major programs in our audit of compliance in accordance with the Uniform Guidance.

<u>CFDA No.</u>	<u>Program or Cluster Title</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
16.735	PREA Program: Demonstration Projects to Establish 'Zero Tolerance' Cultures for Sexual Assault in Correctional Facilities
20.205	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**

See finding 2015-001.

# SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

## Pacific County January 1, 2015 through December 31, 2015

### 2015-001 The County did not have adequate internal controls to ensure compliance with allowable costs requirements.

**CFDA Number and Title:** 16.735- PREA Program: Demonstration Projects to Establish 'Zero Tolerance' Cultures for Sexual Assault in Correctional Facilities

**Federal Grantor Name:** Bureau Of Justice Assistance, Department Of Justice

**Federal Award/Contract Number:** NA

**Pass-through Entity Name:** NA

**Pass-through Award/Contract Number:** NA

**Questioned Cost Amount:** \$100,039

#### *Background*

During fiscal year 2015, the District spent \$113,438 in Prison Rape Elimination Act (PREA) program funds. The goal of this program is to assist local adult and juvenile facilities in implementing prevention, identification, and response mechanisms that will reduce the incidence of sexual abuse in confinement facilities.

#### *Description of Condition*

Federal regulations require recipients of federal money to establish and follow internal controls to ensure compliance with program requirements. These controls include knowledge of grant requirements and monitoring of program compliance.

We reviewed payroll transactions to determine whether salaries and benefits charged to the grant were supported by federally required time and effort documentation. Depending upon the number and type of activities employees work, time and effort documentation can be on a semi-annual certification or monthly personnel activity report, such as a timesheet.

Our audit found the County did not design an effective process to ensure employees whose positions are funded, in whole or in part, with federal grant funds completed semi-annual certifications or monthly personnel activity reports as applicable.

We consider this deficiency in internal controls to be a material weakness.

### ***Cause of Condition***

County personnel in charge of the grant were not aware of federal requirements for payroll costs charged to the grant.

### ***Effect of Condition and Questioned Costs***

Without adequate time and effort documentation, federal grantors cannot be assured salaries and benefits charged to their programs are accurate and valid.

Our audit found the County did not have semi-annual certifications for two employees fully funded by the grant or monthly personnel activity reports for three employees charged in part to the grant totaling \$100,039. The County was unable to provide adequate alternative forms of documentation, such as timesheets; therefore, we are questioning these costs.

### ***Recommendation***

We recommend the County establish and follow internal controls to ensure it meets federal requirements. Specifically, the County should ensure it has documentation to support all payroll costs charged to grants.

### ***County's Response***

The State Auditor's Office has determined that Pacific County did not have adequate internal controls to ensure compliance with allowable cost reimbursements for the Prison Rape Elimination Act (PREA) program. While the county has made strides during the past two years to improve reporting procedures regarding cost allocation, the Board of Pacific County Commissioners acknowledges that the Sheriff's Office did not fully implement the necessary controls regarding the management of the PREA program. Pacific County possesses documentation that may justify the costs questioned by the State Auditor's Office; the county will work with the federal grantor to mitigate this aspect of the finding. Going forward, every effort will be made to ensure that proper controls are in place for all such federal grant awards.

### *Auditor's Remarks*

We appreciate the County's response and recognize that the County is committed to strengthening and improving its internal controls.

We thank the County's staff and management for their cooperation and assistance during our audit. We look forward to working with the County on this issue and will follow up on it during the next audit.

### *Applicable Laws and Regulations*

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 935, as follows:

**.11** For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

**Deficiency in 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 on a timely basis. A deficiency in *design* exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in *operation* exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

**Material weakness in internal control over compliance.**

A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of the event is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Remote. The chance of the future event or events occurring is slight.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance.

A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

**Material noncompliance.** In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes reporting requirements for audit findings.

2 CFR 200.516 Audit Reporting, states in part:

(a) Audit findings reported. The auditor must report the following as audit findings in a schedule of findings and questioned costs:

(1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor's determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.

(2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor's determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.

Title 2 Code of Federal Regulations Section 200.303 Internal controls.

The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

(b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.

U.S. Office of Management and Budget Circular A-87, Cost Principles for State, Local and Indian Tribal Governments (2 CFR Part 225), Attachment B,

Section 8(h), states, in part:

(1) Charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit.

(3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee.

(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

- (a) More than one Federal award,
- (b) A Federal award and a non-Federal award,
- (c) An indirect cost activity and a direct cost activity,
- (d) Two or more indirect activities which are allocated using different allocation bases, or
- (e) An unallowable activity and a direct or indirect cost activity.

(5) Personnel activity reports or equivalent documentation must meet the following standards:

- (f) They must reflect an after the fact distribution of the actual activity of each employee,

(g) They must account for the total activity, for which each employee is compensated,

(h) They must be prepared at least monthly and must coincide with one or more pay periods, and

(i) They must be signed by the employee.

(j) Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes.

**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, 2015 through December 31, 2015**

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, 2015, and the related notes to the financial statements, which collectively comprise the County's financial statements, and have issued our report thereon dated September 13, 2016.

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

## **INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

## **COMPLIANCE AND OTHER MATTERS**

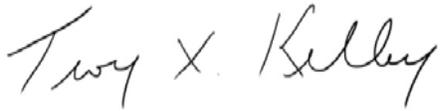
As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of the County's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material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

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

## **PURPOSE OF THIS REPORT**

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

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

A handwritten signature in cursive script that reads "Troy X. Kelley". The signature is written in black ink and is positioned above the typed name.

TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

September 13, 2016

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

**Pacific County  
January 1, 2015 through December 31, 2015**

Board of Commissioners  
Pacific County  
South Bend, Washington

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

We have audited the compliance of Pacific County, Pacific County, Washington, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2015. The County's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's

compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### **Basis for Adverse Opinion on CFDA 16.735 - PREA Program: Demonstration Projects to Establish 'Zero Tolerance' Cultures for Sexual Assault in Correctional Facilities**

As described in Finding 2015-001 in the accompanying Schedule of Federal Award Findings and Questioned Costs, the County did not comply with requirements regarding its CFDA 16.735 - PREA Program: Demonstration Projects to Establish 'Zero Tolerance' Cultures for Sexual Assault in Correctional Facilities for allowable costs and cost principles. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

### **Adverse Opinion on CFDA 16.735 - PREA Program: Demonstration Projects to Establish 'Zero Tolerance' Cultures for Sexual Assault in Correctional Facilities**

In our opinion, because of the noncompliance described in the Basis for Adverse Opinion paragraph, the County did not comply in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its CFDA 16.735 - PREA Program: Demonstration Projects to Establish 'Zero Tolerance' Cultures for Sexual Assault in Correctional Facilities for the year ended December 31, 2015.

### **Unmodified Opinion on Each of the Other Major Federal Programs**

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 other major federal programs identified in the accompanying Schedule of Findings and Questioned Costs for the year ended December 31, 2015.

### **County's Response to Findings**

The County's response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Federal Award Findings and Questioned Costs. The County's

response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2015-001 to be a material weakness.

## **County's Response to Findings**

The County's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Federal Award Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **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.



TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

September 13, 2016

# INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

## **Pacific County** **January 1, 2015 through December 31, 2015**

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, 2015, and the related notes to the financial statements, which collectively comprise the County's financial statements, as listed on page 22.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of Pacific County, for the year ended December 31, 2015, 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, 2015, 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 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 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 13, 2016 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

OLYMPIA, WA

September 13, 2016

## **FINANCIAL SECTION**

### **Pacific County January 1, 2015 through December 31, 2015**

#### **FINANCIAL STATEMENTS**

Fund Resources and Uses Arising from Cash Transactions – 2015  
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2015  
Notes to Financial Statements – 2015

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

Schedule of Liabilities – 2015  
Schedule of Expenditures of Federal Awards – 2015  
Notes to the Schedule of Expenditures of Federal Awards – 2015

**Pacific County**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2015**

	Total for All Funds (Memo Only)	001 GENERAL FUND	101 FAIR	EMERGENCY MANAGEMENT ADM	103 LAW LIBRARY	104 ROAD FUND	105 VETERANS FUND
<b>Beginning Cash and Investments</b>							
30810 Reserved	14,332,396	120,502	8,263	35,745	8,537	4,743,245	28,887
30880 Unreserved	4,239,315	3,285,681	0	0	0	0	0
388 & 588 Prior Period Adjustments, Net	0	0	0	0	0	0	0
<b>Operating Revenues</b>							
310 Taxes	12,127,887	6,125,226	0	0	0	3,971,600	48
320 Licenses and Permits	246,265	12,612	0	0	0	0	0
330 Intergovernmental Revenues	5,840,814	1,784,542	0	78,319	0	1,940,884	0
340 Charges for Goods and Services	5,948,224	935,352	0	36,845	7,109	8,209	0
350 Fines and Penalties	1,128,693	1,117,481	0	0	0	0	0
360 Miscellaneous Revenues	439,037	156,173	0	315	0	223,574	40
Total Operating Revenues:	25,730,919	10,131,386	0	115,479	7,109	6,144,267	88
<b>Operating Expenditures</b>							
510 General Government	8,384,347	4,930,734	0	0	0	0	0
520 Public Safety	5,363,709	3,761,988	0	186,644	0	296,710	0
530 Utilities	425,893	3,863	0	0	0	0	0
540 Transportation	5,795,795	0	0	0	0	4,164,082	0
550 Natural and Economic Environment	1,242,845	95,831	0	0	0	0	0
560 Social Services	1,657,515	41,884	0	0	0	0	7,520
570 Culture and Recreation	198,600	198,634	34	0	0	0	0
598 Miscellaneous Expenses	0	0	0	0	0	0	0
Total Operating Expenditures:	23,068,704	9,032,934	34	186,644	0	4,460,792	7,520
Net Operating Increase (Decrease):	2,662,215	1,098,452	34	-71,165	7,109	1,683,475	-7,432
<b>Nonoperating Revenues</b>							
3700380, 395 & 398 Other Financing Sources	1,732,219	199,942	0	0	0	128,570	17
3910393 Debt Proceeds	0	0	0	0	0	0	0
397 TransfersIn	1,528,924	29,470	0	90,904	0	0	0
Total Nonoperating Revenues:	3,261,143	229,412	0	90,904	0	128,570	17
<b>Nonoperating Expenditures</b>							
580, 596 & 599 Other Financing Uses	406,665	0	0	0	0	149,535	0
5910593 Debt Service	365,711	1,786	0	0	0	0	0
5940595 Capital Expenditures	2,950,897	11,739	0	0	0	2,596,351	0
597 TransfersOut	1,528,924	1,186,104	8,296	0	10,000	0	0
Total Nonoperating Expenditures:	5,252,196	1,199,629	8,296	0	10,000	2,745,886	0
<b>Net Increase (Decrease) in Cash and Investments:</b>	<b>671,162</b>	<b>128,235</b>	<b>8,262</b>	<b>19,739</b>	<b>-2,891</b>	<b>-933,841</b>	<b>-7,415</b>
<b>Ending Cash and Investments</b>							
5081000 Reserved	14,592,755	9,228	0	55,484	5,646	3,809,404	21,472
5088000 Unreserved	4,650,114	3,525,190	0	0	0	0	0
Total Ending Cash and Investments	19,242,870	3,534,418	0	55,484	5,646	3,809,404	21,472

The accompanying notes are an integral part of this statement.

	106 TOURISM DEVELOPMENT	108 FLOOD CONTROL	109 VEGETATION MANAGEMENT	110 TREASURER'S O&M	111 AUDITOR'S O&M	112 TREASURER REET TECHNOLOGY	116 DEPT OF COMMUNITY DEVELOPMENT	117 ELECTION RESERVE	118 HEALTH & HUMAN SERVICES	119 MENTAL HEALTH
	519,642	845,680	130,077	106,451	87,337	93,358	152,770	149,589	200,660	0
	0	0	0	0	0	0	242,348	0	0	0
	0	0	0	0	0	0	0	0	0	0
	394,400	0	0	0	0	0	0	0	57,524	169,574
	0	0	0	0	0	0	233,652	0	0	0
	0	0	164,653	0	42,913	13,956	417,568	44,642	1,325,588	0
	0	345,771	166,414	77,441	19,779	0	521,461	25,559	31,997	0
	0	0	9,271	0	0	0	1,942	0	0	0
	4,613	1,246	0	0	0	0	16	630	1,263	0
	399,013	347,017	340,338	77,441	62,692	13,956	1,174,639	70,831	1,416,371	169,574
	0	0	0	58,364	41,099	15,691	809,291	163,066	0	0
	0	0	0	0	0	0	0	0	0	0
	0	392,415	0	0	0	0	29,143	0	0	0
	0	0	0	0	0	0	0	0	0	0
	304,829	27,233	339,778	0	0	0	253,075	0	4,401	0
	0	0	0	0	0	0	117,159	0	1,490,952	0
	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
	304,829	419,648	339,778	58,364	41,099	15,691	1,208,667	163,066	1,495,353	0
	94,184	-72,631	560	19,077	21,593	-1,735	-34,029	-92,235	-78,982	169,574
	0	0	50	0	0	0	0	0	1,947	0
	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	200,000	90,000	80,000	0
	0	0	50	0	0	0	200,000	90,000	81,947	0
	0	0	0	0	0	0	0	0	0	0
	0	33,407	0	0	0	0	0	0	0	0
	0	0	0	0	15,211	0	26,579	0	0	0
	0	0	0	0	0	0	0	0	0	0
	0	33,407	0	0	15,211	0	26,579	0	0	0
	94,184	-106,038	610	19,077	6,382	-1,735	139,392	-2,235	2,965	169,574
	613,827	739,641	130,687	125,528	93,720	91,622	196,791	147,354	203,625	169,574
	0	0	0	0	0	0	337,719	0	0	0
	613,827	739,641	130,687	125,528	93,720	91,622	534,510	147,354	203,625	169,574

The accompanying notes are an integral part of this statement.

121 EXTENSION ED PROGRAM FEES	LOW INCOME ASSISTANCE FUND	128 PC SHELLFISH O/SS PROGRAM	136 JUVENILE COURT EXPENSE FUND	SPECIAL ACCOUNTS FUND	160 PACCOM	191 BECCA RESERVE	208 2008 LIMITED TAX GO BONDS	301 CAPITAL IMPROVEMENTS	302 LOCAL OPTION TAX SPEC REVENUE
649	494,253	100,000	39	23,888	182,256	83,848	102,039	997,485	341,641
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	729,849	0	0	436,550	243,117
0	0	0	0	0	0	0	0	0	0
0	0	0	0	2,411	0	25,336	0	0	0
0	184,567	0	0	11,645	403,537	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	3,440	0	0	1	0
0	184,567	0	0	14,056	1,136,826	25,336	0	436,551	243,117
0	0	0	0	0	0	20,972	425	13,162	0
0	0	0	0	17,242	1,101,124	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	217,698	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	217,698	0	0	17,242	1,101,124	20,972	425	13,162	0
0	-33,131	0	0	-3,186	35,702	4,364	-425	423,389	243,117
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	450,802	0	313,350	250,000	0
0	0	0	0	0	450,802	0	313,350	250,000	0
0	0	0	0	0	0	10,486	0	313,350	0
649	0	0	39	0	0	10,486	0	313,350	0
649	0	0	39	0	0	10,486	313,350	313,350	257,130
-649	-33,131	0	-39	-3,186	486,504	-6,122	-425	360,039	-14,013
0	461,122	100,000	0	20,702	688,760	77,725	101,614	1,357,523	327,628
0	0	0	0	0	0	0	0	0	0
0	461,122	100,000	0	20,702	688,760	77,725	101,614	1,357,523	327,628

The accompanying notes are an integral part of this statement.

403 EKLUND PARK	502 EQUIPMENT RENTAL & REVOLVING	522 PAYROLL INTERNAL SERVICE FUND	531 CUMULATIVE RESERVE/INSUR ANCE
16,642	3,468,344	1,145,569	145,000
0	0	522,921	188,365
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
19,211	2,298,232	362,647	492,450
0	0	0	0
29	35,334	10,868	1,496
<b>19,240</b>	<b>2,333,565</b>	<b>373,515</b>	<b>493,946</b>
0	245,081	1,599,414	487,048
0	0	0	0
472	0	0	0
0	1,631,713	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
472	1,876,794	1,599,414	487,048
<b>18,768</b>	<b>456,771</b>	<b>-1,225,899</b>	<b>6,898</b>
0	9,072	1,392,620	0
0	0	0	0
0	24,398	0	0
0	33,470	1,392,620	0
0	0	0	0
0	0	0	0
17,168	0	0	0
0	301,016	0	0
0	0	0	0
17,168	301,016	0	0
<b>1,600</b>	<b>189,225</b>	<b>166,721</b>	<b>6,898</b>
18,242	3,657,569	1,243,268	145,000
0	0	591,943	195,262
<b>18,242</b>	<b>3,657,569</b>	<b>1,835,211</b>	<b>340,262</b>

The accompanying notes are an integral part of this statement.



310-360	Revenues	-	8,946	117,319	-
380-390	Other Increases and Financing Sources	1,025	-	-	91,171
510-570	Expenditures	-	-	-	-
580-590	Other Decreases and Financing Uses	1,095	7,576	-	-
	Net Increase (Decrease) in Cash and Investments:	(70)	1,370	117,319	91,171
508	Ending Cash and Investments	-	1,532	703,110	179,188

	<b>670 Court Trust</b>	
308	Beginning Cash and Investments	147,648
388 & 588	Prior Period Adjustments, Net	-
310-360	Revenues	-
380-390	Other Increases and Financing Sources	748,354
510-570	Expenditures	-
580-590	Other Decreases and Financing Uses	820,160
	Net Increase (Decrease) in Cash and Investments:	(71,806)
508	Ending Cash and Investments	75,842

The accompanying notes are an integral part of this statement.

## PACIFIC COUNTY REPORTING

### 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* prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

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

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

#### A. Fund Accounting

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

#### GOVERNMENTAL FUND TYPES:

##### General (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 government in a trustee capacity or as an agent on behalf of others.

### Private-Purpose Trust Funds

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

### Agency Funds

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

#### B. Basis of Accounting and Measurement Focus

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

#### 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: *Table below*

Fund	Operation/Program Title	Personnel Expenses		Operating Expenses		Debt Services		Capital Expenditures		2015		
		Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Variance
030	County Code			1,519	1,518.15					1,519	1,518.15	0.85
034	Other Nondepartmental			366,186	359,562.16					366,186	359,562.16	6,623.84
061	Juvenile Detention ("Contract Beds")			89,000	86,460.00					89,000	86,460.00	2,540.00
100	County Assessor	533,093	523,363.65	132,285	124,677.10					665,378	648,040.75	17,337.25
200	County Auditor	349,483	330,979.44	123,118	119,461.38					472,601	450,440.82	22,160.18
301	County Commissioners	303,100	303,090.80	37,182	29,959.79					340,282	333,050.59	7,231.41
302	Cooperative Extension Services	33,232	17,935.95	20,590	18,649.74					53,822	36,585.69	17,236.31
303	Civil Service Commission	10,149	9,548.13	3,997	2,432.82					14,146	11,980.95	2,165.05
305	Interfund Support			1,411,706	1,411,706.00					1,411,706	1,411,706.00	-
311	General Facilities	175,329	169,434.01	340,740	306,004.17					516,069	475,438.18	40,630.82
312	County Parks	10,367	10,367.00	40,182	40,163.16					50,549	50,530.16	18.84
313	Telecommunications			191,980	178,840.00					191,980	178,840.00	13,140.00
314	Fair	56,354	46,477.98	65,724	64,290.00	1,786	1,786.00			123,864	112,553.98	11,310.02
34X	Dept. of Gen. Administration	201,848	200,166.31	20,973	17,140.97					222,821	217,307.28	5,513.72
400	County Clerk	262,111	260,677.36	29,825	26,497.46					291,936	287,174.82	4,761.18
510	North (Willapa) District Court	218,126	218,121.10	20,688	18,629.77					238,814	236,750.87	2,063.13
560	South (Peninsula) District Court	293,766	293,764.90	30,937	30,287.03					324,703	324,051.93	651.07
600	Superior Court	232,797	223,925.43	128,718	128,708.41					361,515	352,633.84	8,881.16
603	Law Library Fund			10,000	7,209.26					10,000	7,209.26	2,790.74
610	Juvenile	334,072	330,697.65	86,380	57,260.30					420,452	387,957.95	32,494.05
700	County Prosecuting Attorney	675,722	671,746.33	102,803	91,738.86					778,525	763,485.19	15,039.81
801	Law Enforcement Services	1,391,760	1,384,038.67	420,492	415,610.12			6,373	6,333.07	1,818,625	1,805,981.86	12,643.14
802	Correction Services	1,058,514	1,039,614.87	293,487	280,620.78					1,352,001	1,320,235.65	31,765.35
832	Special Investigations	127,991	122,508.87	33,721	33,195.81					161,712	155,704.68	6,007.32
900	County Treasurer	282,595	282,590.21	74,483	73,899.01					357,078	356,489.22	588.78
197	Cumulative Reserve Fund	2,320	2,316.00	357,680	103,151.26			350,000	5,405.79	710,000	110,873.05	599,126.95
101	Fair			8,297	8,262.52					8,297	8,262.52	34.48
102	Emergency Management Fund	69,596	69,591.36	137,800	117,052.86					207,396	186,644.22	20,751.78
103	Law Library Fund			10,000	10,000.00					10,000	10,000.00	-
104	Road Fund Public Works M & O	2,311,192	1,965,807.63	4,130,864	3,900,024.78			2,703,001	1,044,135.78	9,145,057	6,909,968.19	2,235,088.81
104	Traffic Law Enforcement	244,558	241,303.95	55,406	55,406.00					299,964	296,709.95	3,254.05
105	Veterans' Relief Fund	2,414	2,413.73	13,060	5,106.72					15,474	7,520.45	7,953.55
106	Tourist Development Fund	18,630	18,623.83	286,370	286,204.80					305,000	304,828.63	171.37
108	Flood Control Zone District No. 1 Fund	88,205	83,100.25	398,209	336,547.90	33,664	33,406.91	66,165		586,243	453,055.06	133,187.94
109	Vegetation Management Fund	185,948	185,940.63	159,157	153,837.10					345,105	339,777.73	5,327.27
110	Treasurer's O&M Fund	25,760	25,721.88	51,055	32,642.10					76,815	58,363.98	18,451.02
111	Auditor's O&M Fund	4,904	4,903.08	40,021	36,195.72			20,000	15,210.94	64,925	56,309.74	8,615.26
112	Treasurer's REET Fund	17,174	15,095.39	596	596.00					17,770	15,691.39	2,078.61
116	Community Development Fund	791,444	759,999.21	594,055	448,668.26			26,586	26,579.17	1,412,085	1,235,246.64	176,838.36
117	Election Reserve Fund	120,968	120,968.00	75,703	42,098.32					196,671	163,066.32	33,604.68
118	Public Health & Human Services Fund	983,585	937,298.10	599,230	558,054.69					1,582,815	1,495,352.79	87,462.21
121	Coop. Extensions Fund			649	648.91					649	648.91	0.09
301	Cap. Improvements Fund	10,580	10,579.56	319,049	315,932.25			250,000		579,629	326,511.81	253,117.19
302	Public Facilities Improvements Fund			286,418	257,129.95					286,418	257,129.95	29,288.05
127	PC Low-Income Assistance Fund	12,625	12,624.65	323,945	205,073.34					336,570	217,697.99	118,872.01
128	Shellfish On-Site Sewage Fund			100,000	-					100,000	-	100,000.00
132	Special Investigations Fund			120,502	120,501.54					120,502	120,501.54	0.46
136	Juvenile Court Services Fund			39	38.81					39	38.81	0.19
138	Courts Special Account Fund	14,845	14,845.00	2,397	2,397.00					17,242	17,242.00	-
160	PACCOM (E-911) Fund	890,686	843,646.98	257,669	257,477.49			110,000		1,258,355	1,101,124.47	157,230.75
191	BECCA Reserve Fund	20,972	20,972.00	10,486	10,486.00					31,458	31,458.00	-
208	2008 LTGO Bond Redemption Fund			500	425.00	313,350	313,349.98			313,850	313,774.98	75.02
403	Eklund Park Sewer Fund			7,358	472.00	17,168	17,168.00			24,526	17,640.00	6,886.00
502	Equipment Rental & Revolving Fund	597,370	591,006.01	1,756,404	1,285,788.13			335,200	301,016.43	2,688,974	2,177,810.57	511,163.43
522	Payroll Internal Services Fund	1,883,913	1,570,449.03	139,431	126,663.63					2,023,344	1,697,112.66	326,231.34
531	Risk Management Fund	131,550	126,668.55	527,726	360,379.89					659,276	487,048.44	172,227.56

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.

D. Cash

See Note 2, *Deposits and Investments*.

E. 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 and inventory of the County of Pacific are recorded as expenditures when purchased.

F. 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. Payments are recognized as expenditures when paid.

G. Long-Term Debt

See Note 4, *Debt Service Requirements*.

H. Risk Management

Pacific County is a participating member of the Washington Counties Risk Pool (WCRP). Chapter 48.62 RCW authorizes the governing body of one or more governmental entities to join together 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 Pool was formed in August of 1988 when 15 counties in the state of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 31, 2015, 26 counties participate in the WCRP.

The Pool allows members to jointly establish a plan of self-insurance, and provides related services, such as risk management and claims administration. Members enjoy occurrence-based, jointly purchased and/or jointly self-insured liability coverage for bodily injury, personal injury, property damage, errors and omissions, and advertising injury caused by a covered occurrence during an eligible period and occurring anywhere in the world. Total coverage limits are \$25 million per occurrence and each member selects its occurrence deductible amount for the ensuing coverage year from these options: \$10,000, \$25,000, \$50,000, \$100,000, \$250,000 or \$500,000. For losses occurring in 2015, Pacific County selects a per-occurrence deductible of \$25,000.

Members make an annual contribution to fund the Pool. The Pool acquires reinsurance for further protection from larger losses, direct protection for the Pool and indirect for the member counties due to the contingent liabilities they would otherwise incur from risk-sharing those losses. The reinsurance agreements are written with self-insured retentions (“SIRs”) equal to the greater of the deductible for the member with the claim or \$100,000. More recent years’ reinsurance programs have included “corridor deductibles” with aggregated stop losses which have the effect of increasing the Pool’s SIR. For 2014-15, this “corridor” increased the SIR to \$2 million, but with an aggregated

stop loss of \$3.35 million. Other reinsurance agreements respond up to the applicable policy limits. Those reinsurance agreements contain aggregate limits for the maximum annual reimbursements to the Pool of \$40 million (lowest reinsured layer), \$20 million, (second layer), \$30 million (third layer) and \$50 million (final reinsured layer). Since the Pool is a cooperative program, there is a joint liability among the participating members.

New members may be asked to pay modest fees to cover the costs to analyze their loss data and risk profiles, and for their proportional shares of the entry year's assessments. New members contract under the Interlocal Agreement to remain in the Pool for at least five years. Following its initial 60-month term, any member may terminate its membership at the conclusion of any Pool fiscal year, provided the county timely files the required advance written notice. Otherwise, the Interlocal Agreement and membership automatically renews 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.

The Pool is fully funded by its member participants. Claims are filed directly with the Pool by members and adjusted by one of the six staff members responsible for evaluating each claim for coverage, establishing reserves, and investigating for any risk-shared liability. The Pool does not contract with any third party administrators for claims adjustment or loss prevention services.

During 2014-15, Pacific County was also one of twenty-six (26) counties which participated in the Washington Counties Property Program (WCPP). Property losses are covered under the WCPP to the participating counties' buildings and contents, vehicles, mobile/contractor equipment, EDP and communication equipment, etc. that have been scheduled. The WCPP includes 'All Other Perils ("AOP")' coverage limits of \$500 million per occurrence as well as Flood and Earthquake (catastrophe) coverages with separate occurrence limits, each being \$200 million. There are no AOP annual aggregate limits, but the flood and earthquake coverages include annual aggregate limits of \$200 million each. Each participating county is solely responsible for paying their selected deductible, ranging between \$5,000 and \$50,000. Higher deductibles apply to losses resulting from catastrophe-type losses.

Pacific County also participates in the jointly purchased cyber risk and security coverage from a highly-rated commercial insurer.

The Pool is governed by a board of directors which is comprised of one designated representative from each participating member. The Board of Directors generally meets three-times each year with the Annual Meeting of the Pool being held in summer. The Board approves the extent of risk-sharing, approves the Pool's self-insuring coverage documents, approves the selection of reinsurance and excess agreements, and approves the Pool's annual operating budget.

An 11-member executive committee is elected by and from the WCRP Board for staggered, 3-year terms. Authority has been delegated to the Committee by the Board of Directors to, a) approve all disbursements and reviews 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, program deliverables, and the Executive Director's performance. Committee members are expected to participate in the Board's standing committees (finance, personnel, risk management, and underwriting) which develop or

review/revise proposals for and/or recommendations to the association's policies and its coverages for the Board to consider and act upon.

During 2014-15, the WCRP's assets grew 3% to \$48.8 million while its liabilities increased slightly to \$29.8 million. The Pool's net position decreased slightly from \$19.4 million to \$18.9 million. The Pool more than satisfies the State Risk Manager's solvency requirements (WAC 200.100.03001). The Pool is a cooperative program with joint liability amongst its participating members.

Deficits of the Pool resulting from any fiscal year are financed by reassessments of the deficient year's membership in proportion with the initially levied and collected deposit assessments. The Pool's reassessments receivable balance as of December 31, 2015 was zero (\$0). As such, there were no known contingent liabilities at that time for disclosure by the member counties.

I. Reserved Portion of Ending Cash and Investments

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

Reservations of Ending Cash and Investments consist of the following:

Fund	Amount Reserved	Reason Reserved
1	\$9,228	Forfeited Property RCW 69.50.505(10)
102	\$55,484	Emergency Management functions as defined in RCW 38.52.010
103	\$5,646	Law Library as defined in RCW 27.24.070
104	\$3,809,404	Roads Maintenance as defined in RCW 36.82.010
105	\$21,471	Veteran Relief as defined in RCW 73.08.080
106	\$613,827	Tourism Development as defined in RCW 67.28.181
108	\$739,641	Maintenance and operation of the Flood Control District
109	\$130,687	Vegetation Management as defined in RCW 17.10.240
110	\$125,528	Treasurer's Operation and Maintenance as defined in RCW 84.56.020
111	\$93,720	Auditors's Operation and Maintenance as defined in RCW 36.22.170
112	\$91,622	Treasurer's REET as defined in RCW 82.45.180
116	\$196,791	Managing Community Development regulations
117	\$147,354	Elections as defined in RCW 36.33.200
118	\$203,625	Health as defined in RCW 82.14.460
119	\$169,574	Tax revenue reserved for chemical dependency or mental health
127	\$461,122	Low Income Assistance as defined by RCW 43.185.060
128	\$100,000	Per Grant requirements of Septic systems
138	\$20,702	Court costs as defined by RCW 36.18.016 and 26.12.240
160	\$668,760	E911 as defined by RCW 38.52.510
191	\$77,725	Becca Court costs as restricted per grant requirements
403	\$18,242	Reserved for use of Eklund Park Loan Payment
301	\$1,357,523	Capital Improvements as defined by RCW 82.46.010 and 82.46.035
302	\$327,628	Capital Improvements in the community as defined by RCW 82.14.370
208	\$101,614	Debt Service
502	\$3,657,569	Equipment Rental & Revolving
522	\$1,243,268	Compensated Absense and LEOFF Liability
531	\$145,000	Judgements and Claims

**Note 2 – Deposits and Investments**

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.

The County of Pacific deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and the Washington Public Deposit Protection Commission. 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, 2015 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)	15,128,179	27,589,898	42,718,077
Bank of the Pacific (investment cking)		635,916	635,916
Bank of the Pacific checking	195,533		195,533
Ocean Beach Hospital (BOP)		1,537,308	1,537,308
Security State Checking Account	2,045,421		2,045,421
Certificates of Deposit (BOP)	507,668	-	507,668
Certificates of Deposit (Ray Fed)	343,000	87,000	430,000
U.S. Agency Bonds	3,487,269	1,171,173	4,658,442
Bank of the Pacific - Court	75,843		75,843
Cash & Check in Transit	379,267		379,267
Total	22,162,178	31,021,295	53,183,473

**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 2015 regular levy for the General Fund was \$1.649793 per \$1,000, which included \$56,523 for Mental Health on an assessed valuation of \$2,260,917,589 for a total regular levy of \$3,730,047.

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 2015 was \$1.814323 per \$1,000 on an assessed valuation of \$1,682,475,778 for a total road levy of \$3,052,555.

**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, 2015.

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

	<u>General Obligation Bonds</u>	<u>Revenue Bonds</u>	<u>Total Debt</u>
2016	333,905	33,339	367,244
2017	330,881	33,178	364,059
2018	332,855	33,016	365,871
2019	333,356	32,854	366,210
2020	333,755	32,692	366,447
2021-2025	1,663,315	32,530	1,695,845
2026-2030	1,026,240	-	1,026,240
2031-2035	85,840	-	85,840
2036-2040	8,313	-	8,313
2041-2045		-	
2046-2050		-	
<b>TOTALS</b>	<b>4,448,460</b>	<b>197,609</b>	<b>4,464,069</b>

**Note 5 - Pension Plans**

State Sponsored Pension Plans

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

- PERS 1
- PERS 2/3
- PSERS 2
- LEOFF 1
- LEOFF 2

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

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

Department of Retirement Systems  
 Communications Unit  
 P.O. Box 48380  
 Olympia, WA 98540-8380

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

At June 30, 2015 (the measurement date of the plans), the Pacific County’s proportionate share of the collective net pension liabilities \$6,747,736 as reported on the Schedule 09, was as follows:

	Allocation %	Liability (Assets)
PERS 1	0.036688%	\$3,838,247
PERS 2/3	0.080641%	\$2,881,349
PSERS 2	0.154173%	\$28,140
LEOFF 1	0.006082%	\$(73,302)
LEOFF 2	0.039796%	\$(409,023)

**LEOFF Plan 1**

The County of Pacific 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 of Pacific 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 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. Three retirees received benefits during the year and \$104,267 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 \$439,001 for this future expense and continue to budget \$100,000 per year.

**DEBT**

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

In 03/2016 Pacific County paid off the USDA Loan in total \$32,046.85, this loan is included in the on the 2015 schedule 9.

**NOTES RECEIVABLE**

2014 Loan from Pacific County to PACCOM Board members not to exceed \$153,108 per resolution 2014-065 for the purpose of purchase/upgrade radio equipment to assure interoperability and compliance with state and federal regulations. This loan will be a term of three years at 3% interest rate. At the end of 2015 the following entities still owed, the remaining debt was paid:

- City of Ilwaco \$9,163.46
- City of Raymond \$34,464.78
- City of Long Beach \$21,627.41
- City of South Bend \$22,627.91

In 2016 Pacific County approved at \$100,000 loan at 3% interest to be paid by July 31, 2016 and a \$50,000 line of credit at 3% interest to Port of Chinook to be repaid by the end of 2016.

**Pacific County**  
**Schedule of Liabilities**  
**For the Year Ended December 31, 2015**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
<b>General Obligations</b>						
251.11	GO Bond Refi	12/1/2028	3,495,000	-	215,000	3,280,000
263.81	pwft fcdz #1	9/17/2022	226,579	-	32,368	194,211
263.81	USDA FAIR LOAN	11/1/2047	32,207	-	471	31,736
263.93	COMPENSATED ABSENCES		727,347	76,920	-	804,267
263.93	OPEB LIABILITY		418,222	47,115	26,336	439,001
	<b>Total General Obligations:</b>		<b>4,899,355</b>	<b>124,035</b>	<b>274,176</b>	<b>4,749,214</b>
<b>Revenue Obligations</b>						
252.11	Eklund Park	9/1/2036	233,134	-	5,404	227,730
264.30	PENSION LIABILITY		-	6,747,736	-	6,747,736
	<b>Total Revenue Obligations:</b>		<b>233,134</b>	<b>6,747,736</b>	<b>5,404</b>	<b>6,975,466</b>
	<b>Total Liabilities:</b>		<b>5,132,489</b>	<b>6,871,771</b>	<b>279,580</b>	<b>11,724,680</b>

Pacific County  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2015

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures		Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards		
Food And Nutrition Service, Department Of Agriculture (via Dept of Health)	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	C17121	124,297	-	124,297	- 1,2,12
<b>SNAP Cluster</b>							
Food And Nutrition Service, Department Of Agriculture (via Dept of Health)	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	C16896	84,170	-	84,170	- 1,2,10
	<b>Total SNAP Cluster:</b>			<b>84,170</b>	-	<b>84,170</b>	
National Oceanic And Atmospheric Administration (noaa), Department Of Commerce (via Dept of Recreation and Conservation)	Pacific Coast Salmon Recovery_Pacific Salmon Treaty Program	11.438	n/a	38,446	-	38,446	1
Violence Against Women Office, Department Of Justice (via WA State Dept of Commerce)	Violence Against Women Formula Grants	16.588	F14-31103-030	7,918	-	7,918	- 1
Violence Against Women Office, Department Of Justice (via Washington State Dept of Commerce Community Services and Housing Division)	Violence Against Women Formula Grants	16.588	F14-31103-029	18,541	-	18,541	- 1
	<b>Total CFDA 16.588:</b>			<b>26,459</b>	-	<b>26,459</b>	
Bureau Of Justice Assistance, Department Of Justice	Bulleproof Vest Partnership Program	16.607	n/a	-	413	413	- 1
Bureau Of Justice Assistance, Department Of Justice	Bulleproof Vest Partnership Program	16.607	n/a	-	4,134	4,134	- 1
	<b>Total CFDA 16.607:</b>			<b>4,548</b>	-	<b>4,548</b>	
Office Of Community Oriented Policing Services, Department Of Justice	Public Safety Partnership and Community Policing Grants	16.710	2011UMWX0194	-	14,252	14,252	- 1
Office Of Juvenile Justice And Delinquency Prevention, Department Of Justice (via DSHS)	Enforcing Underage Drinking Laws Program	16.727	1163-273181363-88539	1,000	-	1,000	- 1
Bureau Of Justice Assistance, Department Of Justice	PREA Program: Demonstration Projects to Establish 'Zero Tolerance' Cultures for Sexual Assault in Correctional Facilities	16.735	n/a	-	113,438	113,438	- 1,2,7
<b>Highway Planning and Construction Cluster</b>							
Federal Highway Administration (fhwa), Department Of Transportation (via WA State Dept of Transportation)	Highway Planning and Construction	20.205	STPR-B256(009) LA8469	312,549	-	312,549	- 1,2
Federal Highway Administration (fhwa), Department Of Transportation (via WA State Dept of Transportation)	Highway Planning and Construction	20.205	MP 0.46 To MP 1.40 ER-1502(020) LA-8755	27,416	-	27,416	- 1,2
Federal Highway Administration (fhwa), Department Of Transportation (via WA State Dept of Transportation)	Highway Planning and Construction	20.205	ER-1502(021) LA-8765	14,016	-	14,016	- 1,2
	<b>Total Highway Planning and Construction Cluster:</b>			<b>353,981</b>	-	<b>353,981</b>	
<b>Highway Safety Cluster</b>							
National Highway Traffic Safety Administration (nhtsa), Department Of Transportation (via WA Association of Sheriffs & Police Chiefs)	State and Community Highway Safety	20.600	n/a	1,400	-	1,400	- 1
National Highway Traffic Safety Administration (nhtsa), Department Of Transportation (via WA Traffic Safety Commission)	State and Community Highway Safety	20.600	na	1,303	-	1,303	- 1,2
National Highway Traffic Safety Administration (nhtsa), Department Of Transportation (via WA Traffic Safety Commission)	State and Community Highway Safety	20.600	na	989	-	989	- 1,2
	<b>Total CFDA 20.600:</b>			<b>3,692</b>	-	<b>3,692</b>	
	<b>Total Highway Safety Cluster:</b>			<b>4,536</b>	-	<b>4,536</b>	
Pipeline And Hazardous Materials Safety Administration, Department Of Transportation	Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	HMP	-	7,991	7,991	- 1,2
Centers For Disease Control And Prevention, Department Of Health And Human Services (via Dept of Health)	Public Health Emergency Preparedness	93.069	C17121	69,003	-	69,003	- 1,2,14
Office Of Population Affairs, Department Of Health And Human Services (via Dept of Health)	Family Planning_Services	93.217	C17121	8,010	-	8,010	- 1,2,4
Substance Abuse And Mental Health Services Administration, Department Of Health And Human Services (via DSHS)	Substance Abuse and Mental Health Services_Projects_of Regional and National Significance	93.243	1363-90025/1563-42487	49,715	-	49,715	- 1
Centers For Disease Control And Prevention, Department Of Health And Human Services (via Dept of Health)	Immunization Cooperative Agreements	93.268	n/a	5,393	-	5,393	- 1,2,5
Centers For Disease Control And Prevention, Department Of Health And Human Services (via Dept of Health)	Immunization Cooperative Agreements	93.268	C17121	14,116	-	14,116	129 1,2,9

The accompanying notes are an integral part of this schedule.



PACIFIC COUNTY, WASHINGTON

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2015**

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 the Counties portion are more than shown. Such expenditures are recognized following, as applicable, either the cost principles in the OMB Circular A-87, Cost principles for State, Local, and Indian Tribal Governments, or the cost principles contained in the Title 2 U.S. Code of Federal Regulations part 200, Uniform Administration Requirements, Cost principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowed or are limited as the reimbursement.

NOTE 3 - INDIRECT COST RATE

The amount expended includes \$914.44 claimed as an indirect cost recovery using an approved indirect cost rate of 23 percent.

NOTE 4 - INDIRECT COST RATE

The amount expended includes \$1,840 claimed as an indirect cost recovery using an approved indirect cost rate of 22.97 percent.

NOTE 5 - 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 6 - INDIRECT COST RATE

The amount expended includes \$1,991 claimed as an indirect cost recovery using an approved indirect cost rate of 22.97 percent.

NOTE 7- INDIRECT COST RATE

The county has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 8 - INDIRECT COST RATE

The amount expended includes \$1,127.53 claimed as an indirect cost recovery using an approved indirect cost rate of 22.9 percent.

NOTE 9 - INDIRECT COST RATE

The amount expended includes \$3,232.48 claimed as an indirect cost recovery using an approved indirect cost rate of 22.9 percent.

NOTE 10 - INDIRECT COST RATE

The amount expended includes \$17,565.90 claimed as an indirect cost recovery using an approved indirect cost rate of 22.97 percent.

NOTE 11 - INDIRECT COST RATE

The amount expended includes \$1,821.08 claimed as an indirect cost recovery using an approved indirect cost rate of 22.97 percent.

NOTE 12 - INDIRECT COST RATE

The amount expended includes \$35,673.72 claimed as an indirect cost recovery using an indirect cost rate of 22.97 percent

NOTE 13 - INDIRECT COST RATE

The amount expended includes \$296.55 claimed as an indirect cost recovery using an approved indirect cost rate of 22.97 percent

NOTE 14 - INDIRECT COST RATE

The amount expended includes \$15,801.66 claimed as an indirect cost recovery using an indirect cost rate of 22.97 percent

NOTE 15 - INDIRECT COST RATE

The amount expended includes \$1,034.85 claimed as an indirect cost recovery using an indirect cost rate 22.97 percent

NOTE 16 - INDIRECT COST RATE

The amount expended includes \$3,854.39 claimed as an indirect cost recovery using an indirect cost rate 22.97 percent

NOTE 17 - INDIRECT COST RATE

The amount expended includes \$55.88 claimed as an indirect cost recovery using an indirect cost rate 22.97 percent

**CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED  
UNDER UNIFORM GUIDANCE**

**Pacific County  
January 1, 2015 through December 31, 2015**

This schedule presents the corrective action planned by the auditee for findings reported in this report 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). The information in this schedule is the representation of the Pacific County.

<b>Finding ref number:</b> 2015-001	<b>Finding caption:</b> The County did not have adequate internal controls to ensure compliance with allowable costs requirements.
<b>Name, address, and telephone of auditee contact person:</b> Rachel Patrick 300 Memorial Drive South Bend, WA 98586 (360) 875-9311	
<b>Corrective action the auditee plans to take in response to the finding:</b> <i>The State Auditor's Office has determined that Pacific County did not have adequate internal controls to ensure compliance with allowable cost reimbursements for the Prison Rape Elimination Act (PREA) program. While the county has made strides during the past two years to improve reporting procedures regarding cost allocation, the Board of Pacific County Commissioners acknowledges that the Sheriff's Office did not fully implement the necessary controls regarding the management of the PREA program. Pacific County possesses documentation that may justify the costs questioned by the State Auditor's Office; the county will work with the federal grantor to mitigate this aspect of the finding. Going forward, every effort will be made to ensure that proper controls are in place for all such federal grant awards.</i>	
<b>Anticipated date to complete the corrective action:</b> January 2017	

## 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.

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