

**Washington State Auditor's Office**  
**Financial Statements and Federal Single Audit Report**

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**Pacific County**

Audit Period  
**January 1, 2012 through December 31, 2012**

**Report No. 1010557**

Issue Date  
**September 30, 2013**



WASHINGTON  
**TROY KELLEY**  
STATE AUDITOR



**Washington State Auditor  
Troy Kelley**

September 30, 2013

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

# Table of Contents

## **Pacific County January 1, 2012 through December 31, 2012**

Federal Summary .....	1
Status of Prior Audit Findings.....	3
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	4
Independent Auditor's Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	6
Independent Auditor's Report on Financial Statements.....	9
Financial Section.....	12

# Federal Summary

## Pacific County January 1, 2012 through December 31, 2012

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 each of its major federal programs.

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 were major programs during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
14.228	CDBG - State-Administered CDBG Cluster - Community Development Block Grants/State's Program
20.205	Highway Planning and Construction Cluster - Highway Planning and Construction

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

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

# Status of Prior Audit Findings

## Pacific County January 1, 2012 through December 31, 2012

The status of findings contained in the prior years' audit reports of Pacific County is provided below:

**1. The County's internal controls over financial statement preparation are inadequate to ensure accurate reporting.**

Report No. 1008443, dated September 17, 2012

It is the responsibility of County management to design and follow internal controls that provide reasonable assurance regarding the reliability of financial reporting. We identified significant deficiencies in controls that adversely affect the County's ability to produce reliable financial statements.

Our audit identified the following weaknesses in internal controls, that when taken together represent a significant deficiency:

- The total receipts, payments and cash balances for 45 special purpose districts are reported on the Schedule of Cash Activity. The County lacks procedures to properly reconcile revenue and expenditure amounts between records kept by the County Treasurer and those kept by the County Auditor. This has resulted in special purpose district financial activity not reconciling with the bank statements.
- The County reviews the financial statements, notes, and schedules before submitting them for audit. This review was not effective in ensuring accurate and complete financial reporting.
- The County did not fully follow the new Governmental Accounting Standards Board (GASB) Statement No. 54 when preparing its 2011 financial statements. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the governmental fund type definitions. The statement also updates the criteria a fund must meet in order to be reported as a special revenue fund. The County is responsible for supporting how it has reclassified its fund balances into the new categories and for determining which funds to report as special revenue funds. Although County personnel believed they had a clear understanding of GASB No. 54 requirements, they misunderstood the requirements.

### **Status**

The finding has been partially resolved. The County still has deficiencies in its internal controls over financial reporting. These matters have been communicated to management.

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, 2012 through December 31, 2012**

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, 2012, and the related notes to the financial statements, which collectively comprise the County's financial statements, and have issued our report thereon dated September 12, 2013.

***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 12, 2013.

## **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 12, 2013

# 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, 2012 through December 31, 2012**

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, 2012. 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, 2012.

### ***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 black ink that reads "Troy X. Kelley". The signature is written in a cursive style with a large, stylized "X" between the first and last names.

**TROY KELLEY**  
STATE AUDITOR

September 12, 2013

# Independent Auditor's Report on Financial Statements

**Pacific County**  
**January 1, 2012 through December 31, 2012**

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, 2012, and the related notes to the financial statements, which collectively comprise the County's financial statements, as listed on page 12.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting that demonstrates compliance with 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 opinion.

### ***Opinion***

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, 2012, on the basis of accounting described in Note 1.

### ***Basis of Accounting***

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. As described in Note 1 to the financial statements, the financial statements are prepared in accordance with the basis of accounting that demonstrates compliance with Washington State statutes and the *Budgeting, Accounting and Reporting System (BARS)* manual prescribed by the State Auditor, which is a basis of accounting other than accounting principles generally accepted in the United State of America. Our opinion is not modified with respect to this matter.

### ***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.

### ***Purpose of this Report***

The report is intended for the information and use of the management, the Board of Commissioners, federal awarding agencies and pass-through entities of the County. 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2013 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.

A handwritten signature in black ink that reads "Troy X. Kelley". The signature is written in a cursive style with a large "X" between the first and last names.

**TROY KELLEY**  
STATE AUDITOR

September 12, 2013

# Financial Section

## **Pacific County January 1, 2012 through December 31, 2012**

### ***FINANCIAL STATEMENTS***

Fund Resources and Uses Arising from Cash Transactions – 2012  
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2012  
Notes to Financial Statements – 2012

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

Schedule of Liabilities – 2012  
Schedule of Expenditures of Federal Awards – 2012  
Notes to the Schedule of Expenditures of Federal Awards – 2012

**PACIFIC COUNTY**  
**FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS**  
**For the Year Ended December 31, 2012**

BARS Code	Total for All funds*	001 GENERAL FUND	101 FAIR
Beginning Cash and Investments			
30810 Beg Fund Bal-Reserved	10,781,952	104,330	73,464
30880 Beg Fund Bal-Unreserved	8,445,575	3,440,725	-
38880/58880 Prior Period Adjustments, net	(61,409)	(176)	-
Operating Revenues			
310 Taxes	10,141,850	5,914,230	-
320 Licenses & Permits	316,745	14,097	-
330 Intergovernmental Revenues	7,754,686	1,449,811	26,432
340 Charges for Goods and Services	2,818,465	647,716	29,734
350 Fines & Penalties	413,148	402,666	-
360 Miscellaneous Revenues	1,469,443	95,079	38,006
Total Operating Revenues:	22,914,338	8,523,600	94,172
Operating Expenditures			
510 General Government	7,775,924	4,393,498	-
520 Public Safety	5,121,264	2,682,206	-
530 Utilities And Environment	594,092	17,629	-
540 Transportation	5,034,900	-	-
550 Economic Environment	308,140	14,500	-
560 Mental & Physical Health	1,862,511	1,120	-
570 Culture And Recreation	182,052	79,889	96,365
598 Intergovernmental Payments	1,223,395	-	-
Total Operating Expenditures:	22,102,277	7,188,840	96,365
Net Operating Increase (Decrease):	812,060	1,334,759	(2,193)
Nonoperating Revenues			
370, 380, 395, 398 Other Financing Sources	1,382,715	78,017	191
391-393 Debt Proceeds	-	-	-
397 Transfers-In	1,363,240	-	-
Total Nonoperating Revenues:	2,745,955	78,017	191
Nonoperating Expenditures			
580, 596, 599 Other Financing Uses	-	-	-
591-593 Debt Service	393,500	-	1,786
594-595 Capital Expenditures	2,126,704	68,520	16,547
597 Transfers-Out	1,363,240	1,010,709	-
Total Nonoperating Expenditures:	3,883,444	1,079,229	18,333
Increase (Decrease) in Cash and Investments	(325,429)	333,547	(20,335)
Ending Cash and Investments			
50810 End Fund Bal-Reserved	9,888,431	93,038	53,129
50880 End Fund Balance-Unreserved	8,952,258	3,785,387	-

The accompanying notes are an integral part of this Statement.

**PACIFIC COUNTY**  
**FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS**  
**For the Year Ended December 31, 2012**

BARS Code	102 PC EMERGENCY MANAGEMENT ADM	103 LAW LIBRARY	104 ROAD FUND
Beginning Cash and Investments			
30810 Beg Fund Bal-Reserved	12,254	7,615	4,797,424
30880 Beg Fund Bal-Unreserved	-	-	-
38880/58880 Prior Period Adjustments, net	-	-	(3,641)
Operating Revenues			
310 Taxes	-	-	3,435,379
320 Licenses & Permits	-	-	-
330 Intergovernmental Revenues	69,177	-	2,571,208
340 Charges for Goods and Services	-	6,978	10,358
350 Fines & Penalties	-	-	-
360 Miscellaneous Revenues	695	-	134,235
Total Operating Revenues:	69,872	6,978	6,151,180
Operating Expenditures			
510 General Government	-	308	4,708
520 Public Safety	131,086	-	299,318
530 Utilities And Environment	-	-	-
540 Transportation	-	-	3,837,363
550 Economic Environment	-	-	-
560 Mental & Physical Health	-	-	-
570 Culture And Recreation	-	-	-
598 Intergovernmental Payments	-	-	63,392
Total Operating Expenditures:	131,086	308	4,204,780
Net Operating Increase (Decrease):	(61,214)	6,670	1,946,399
Nonoperating Revenues			
370, 380, 395, 398 Other Financing Sources	-	-	81,267
391-393 Debt Proceeds	-	-	-
397 Transfers-In	68,049	-	-
Total Nonoperating Revenues:	68,049	-	81,267
Nonoperating Expenditures			
580, 596, 599 Other Financing Uses	-	-	-
591-593 Debt Service	-	-	-
594-595 Capital Expenditures	-	-	1,352,985
597 Transfers-Out	-	-	-
Total Nonoperating Expenditures:	-	-	1,352,985
Increase (Decrease) in Cash and Investments	6,835	6,670	674,681
Ending Cash and Investments			
50810 End Fund Bal-Reserved	19,089	14,283	5,468,465
50880 End Fund Balance-Unreserved	-	-	-

The accompanying notes are an integral part of this Statement.

**PACIFIC COUNTY**  
**FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS**  
**For the Year Ended December 31, 2012**

BARS Code	105 VETERANS FUND	106 TOURISM DEVELOPMENT	108 FLOOD CONTROL
Beginning Cash and Investments			
30810 Beg Fund Bal-Reserved	52,165	446,870	549,814
30880 Beg Fund Bal-Unreserved	-	-	-
38880/58880 Prior Period Adjustments, net	-	-	(5,350)
Operating Revenues			
310 Taxes	1,219	229,902	-
320 Licenses & Permits	-	-	-
330 Intergovernmental Revenues	46	-	-
340 Charges for Goods and Services	-	-	346,286
350 Fines & Penalties	-	-	-
360 Miscellaneous Revenues	94	4,613	829
Total Operating Revenues:	1,359	234,515	347,115
Operating Expenditures			
510 General Government	-	-	-
520 Public Safety	-	-	-
530 Utilities And Environment	-	-	145,584
540 Transportation	-	-	-
550 Economic Environment	8,433	277,279	-
560 Mental & Physical Health	-	-	-
570 Culture And Recreation	-	-	-
598 Intergovernmental Payments	-	-	-
Total Operating Expenditures:	8,433	277,279	145,584
Net Operating Increase (Decrease):	(7,074)	(42,764)	201,531
Nonoperating Revenues			
370, 380, 395, 398 Other Financing Sources	172	-	-
391-393 Debt Proceeds	-	-	-
397 Transfers-In	-	-	-
Total Nonoperating Revenues:	172	-	-
Nonoperating Expenditures			
580, 596, 599 Other Financing Uses	-	-	-
591-593 Debt Service	-	-	33,987
594-595 Capital Expenditures	-	-	-
597 Transfers-Out	-	-	-
Total Nonoperating Expenditures:	-	-	33,987
Increase (Decrease) in Cash and Investments	(6,902)	(42,764)	167,544
Ending Cash and Investments			
50810 End Fund Bal-Reserved	45,264	404,106	712,009
50880 End Fund Balance-Unreserved	-	-	-

The accompanying notes are an integral part of this Statement.

**PACIFIC COUNTY**  
**FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS**  
**For the Year Ended December 31, 2012**

BARS Code	109 VEGETATION MANAGEMENT	110 TREASURER'S O&M	111 AUDITOR'S O&M
Beginning Cash and Investments			
30810 Beg Fund Bal-Reserved	110,726	135,275	133,598
30880 Beg Fund Bal-Unreserved	-	-	-
38880/58880 Prior Period Adjustments, net	(525)	-	(23,543)
Operating Revenues			
310 Taxes	-	-	-
320 Licenses & Permits	-	-	-
330 Intergovernmental Revenues	191,138	-	43,609
340 Charges for Goods and Services	97,186	57,085	18,425
350 Fines & Penalties	-	-	-
360 Miscellaneous Revenues	-	-	-
Total Operating Revenues:	288,324	57,085	62,034
Operating Expenditures			
510 General Government	-	64,429	90,945
520 Public Safety	-	-	-
530 Utilities And Environment	305,480	-	-
540 Transportation	-	-	-
550 Economic Environment	-	-	-
560 Mental & Physical Health	-	-	-
570 Culture And Recreation	-	-	-
598 Intergovernmental Payments	-	-	-
Total Operating Expenditures:	305,480	64,429	90,945
Net Operating Increase (Decrease):	(17,156)	(7,344)	(28,911)
Nonoperating Revenues			
370, 380, 395, 398 Other Financing Sources	-	-	-
391-393 Debt Proceeds	-	-	-
397 Transfers-In	-	-	-
Total Nonoperating Revenues:	-	-	-
Nonoperating Expenditures			
580, 596, 599 Other Financing Uses	-	-	-
591-593 Debt Service	-	-	-
594-595 Capital Expenditures	-	-	-
597 Transfers-Out	-	-	-
Total Nonoperating Expenditures:	-	-	-
Increase (Decrease) in Cash and Investments	(17,156)	(7,344)	(28,911)
Ending Cash and Investments			
50810 End Fund Bal-Reserved	93,045	127,931	81,144
50880 End Fund Balance-Unreserved	-	-	-

The accompanying notes are an integral part of this Statement.

**PACIFIC COUNTY**  
**FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS**  
**For the Year Ended December 31, 2012**

BARS Code	116 DEPT OF COMMUNITY DEVELOPMENT	117 ELECTION RESERVE	118 HEALTH & HUMAN SERVICES
Beginning Cash and Investments			
30810 Beg Fund Bal-Reserved	1,085,709	176,226	131,473
30880 Beg Fund Bal-Unreserved	-	-	-
38880/58880 Prior Period Adjustments, net	700	(145)	-
Operating Revenues			
310 Taxes	-	-	61,076
320 Licenses & Permits	302,648	-	-
330 Intergovernmental Revenues	262,361	23,797	1,497,965
340 Charges for Goods and Services	246,875	31,447	52,510
350 Fines & Penalties	5,906	-	-
360 Miscellaneous Revenues	25	-	1,629
Total Operating Revenues:	817,814	55,244	1,613,180
Operating Expenditures			
510 General Government	848,729	184,850	-
520 Public Safety	-	-	-
530 Utilities And Environment	70,747	-	-
540 Transportation	-	-	-
550 Economic Environment	5,698	-	2,073
560 Mental & Physical Health	129,456	-	1,731,935
570 Culture And Recreation	-	-	-
598 Intergovernmental Payments	-	-	-
Total Operating Expenditures:	1,054,630	184,850	1,734,008
Net Operating Increase (Decrease):	(236,816)	(129,606)	(120,828)
Nonoperating Revenues			
370, 380, 395, 398 Other Financing Sources	175	786	1,231
391-393 Debt Proceeds	-	-	-
397 Transfers-In	-	100,000	79,338
Total Nonoperating Revenues:	175	100,786	80,569
Nonoperating Expenditures			
580, 596, 599 Other Financing Uses	-	-	-
591-593 Debt Service	-	-	-
594-595 Capital Expenditures	88,907	-	-
597 Transfers-Out	-	-	-
Total Nonoperating Expenditures:	88,907	-	-
Increase (Decrease) in Cash and Investments	(325,548)	(28,820)	(40,259)
Ending Cash and Investments			
50810 End Fund Bal-Reserved	63,100	147,262	91,214
50880 End Fund Balance-Unreserved	697,761	-	-

The accompanying notes are an integral part of this Statement.

**PACIFIC COUNTY**  
**FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS**  
**For the Year Ended December 31, 2012**

BARS Code	121 EXTENSION ED PROGRAM FEES	127 PC LOW-INCOME ASSISTANCE FUND	128 PC SHELLFISH O/SS PROGRAM
Beginning Cash and Investments			
30810 Beg Fund Bal-Reserved	632	357,944	100,000
30880 Beg Fund Bal-Unreserved	-	-	-
38880/58880 Prior Period Adjustments, net	-	-	-
Operating Revenues			
310 Taxes	-	-	-
320 Licenses & Permits	-	-	-
330 Intergovernmental Revenues	-	-	-
340 Charges for Goods and Services	121	158,309	-
350 Fines & Penalties	-	-	-
360 Miscellaneous Revenues	-	-	-
Total Operating Revenues:	121	158,309	-
Operating Expenditures			
510 General Government	-	-	-
520 Public Safety	-	-	-
530 Utilities And Environment	-	-	-
540 Transportation	-	-	-
550 Economic Environment	-	93	-
560 Mental & Physical Health	-	-	-
570 Culture And Recreation	33	-	-
598 Intergovernmental Payments	-	87,936	-
Total Operating Expenditures:	33	88,029	-
Net Operating Increase (Decrease):	88	70,280	-
Nonoperating Revenues			
370, 380, 395, 398 Other Financing Sources	-	-	-
391-393 Debt Proceeds	-	-	-
397 Transfers-In	-	-	-
Total Nonoperating Revenues:	-	-	-
Nonoperating Expenditures			
580, 596, 599 Other Financing Uses	-	-	-
591-593 Debt Service	-	-	-
594-595 Capital Expenditures	-	-	-
597 Transfers-Out	-	-	-
Total Nonoperating Expenditures:	-	-	-
Increase (Decrease) in Cash and Investments	88	70,280	-
Ending Cash and Investments			
50810 End Fund Bal-Reserved	721	428,225	100,000
50880 End Fund Balance-Unreserved	-	-	-

The accompanying notes are an integral part of this Statement.

**PACIFIC COUNTY**  
**FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS**  
**For the Year Ended December 31, 2012**

BARS Code	132 SPECIAL INVESTIGATIVE	136 JUVENILE COURT EXPENSE FUND	138 COURT SPECIAL ACCOUNTS FUND
Beginning Cash and Investments			
30810 Beg Fund Bal-Reserved	34,613	15,531	20,141
30880 Beg Fund Bal-Unreserved	-	-	-
38880/58880 Prior Period Adjustments, net	-	-	-
Operating Revenues			
310 Taxes	-	-	-
320 Licenses & Permits	-	-	-
330 Intergovernmental Revenues	106,370	160,942	4,857
340 Charges for Goods and Services	-	-	5,924
350 Fines & Penalties	4,577	-	-
360 Miscellaneous Revenues	1,100	-	-
Total Operating Revenues:	112,047	160,942	10,781
Operating Expenditures			
510 General Government	-	-	-
520 Public Safety	210,081	425,931	10,256
530 Utilities And Environment	-	-	-
540 Transportation	-	-	-
550 Economic Environment	-	-	-
560 Mental & Physical Health	-	-	-
570 Culture And Recreation	-	-	-
598 Intergovernmental Payments	-	-	-
Total Operating Expenditures:	210,081	425,931	10,256
Net Operating Increase (Decrease):	(98,034)	(264,989)	525
Nonoperating Revenues			
370, 380, 395, 398 Other Financing Sources	-	-	-
391-393 Debt Proceeds	-	-	-
397 Transfers-In	122,539	266,567	-
Total Nonoperating Revenues:	122,539	266,567	-
Nonoperating Expenditures			
580, 596, 599 Other Financing Uses	-	-	-
591-593 Debt Service	-	-	-
594-595 Capital Expenditures	-	-	-
597 Transfers-Out	-	-	-
Total Nonoperating Expenditures:	-	-	-
Increase (Decrease) in Cash and Investments	24,505	1,578	525
Ending Cash and Investments			
50810 End Fund Bal-Reserved	59,117	17,110	20,667
50880 End Fund Balance-Unreserved	-	-	-

The accompanying notes are an integral part of this Statement.

**PACIFIC COUNTY**  
**FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS**  
**For the Year Ended December 31, 2012**

BARS Code	160 PACCOM	191 BECCA RESERVE	208 2008 LIMITED TAX GO BONDS
Beginning Cash and Investments			
30810 Beg Fund Bal-Reserved	241,697	58,470	180
30880 Beg Fund Bal-Unreserved	-	-	-
38880/58880 Prior Period Adjustments, net	-	-	-
Operating Revenues			
310 Taxes	194,816	-	-
320 Licenses & Permits	-	-	-
330 Intergovernmental Revenues	493,640	53,704	-
340 Charges for Goods and Services	-	-	-
350 Fines & Penalties	-	-	-
360 Miscellaneous Revenues	764	-	-
Total Operating Revenues:	689,220	53,704	-
Operating Expenditures			
510 General Government	-	15,592	-
520 Public Safety	1,151,231	-	-
530 Utilities And Environment	-	-	-
540 Transportation	-	-	-
550 Economic Environment	-	-	-
560 Mental & Physical Health	-	-	-
570 Culture And Recreation	-	-	-
598 Intergovernmental Payments	-	-	-
Total Operating Expenditures:	1,151,231	15,592	-
Net Operating Increase (Decrease):	(462,011)	38,112	-
Nonoperating Revenues			
370, 380, 395, 398 Other Financing Sources	-	-	-
391-393 Debt Proceeds	-	-	-
397 Transfers-In	386,188	-	340,559
Total Nonoperating Revenues:	-	-	340,559
Nonoperating Expenditures			
580, 596, 599 Other Financing Uses	-	-	-
591-593 Debt Service	-	-	340,559
594-595 Capital Expenditures	46,824	-	-
597 Transfers-Out	-	11,972	-
Total Nonoperating Expenditures:	46,824	11,972	340,559
Increase (Decrease) in Cash and Investments	(122,647)	26,140	-
Ending Cash and Investments			
50810 End Fund Bal-Reserved	119,050	84,609	179
50880 End Fund Balance-Unreserved	-	-	-

The accompanying notes are an integral part of this Statement.

**PACIFIC COUNTY**  
**FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS**  
**For the Year Ended December 31, 2012**

BARS Code	301 CAPITAL IMPROVEMENTS	302 LOCAL OPTION TAX SPEC REVENUE	403 EKLUND PARK
Beginning Cash and Investments			
30810 Beg Fund Bal-Reserved	815,886	340,719	13,781
30880 Beg Fund Bal-Unreserved	-	-	-
38880/58880 Prior Period Adjustments, net	(231)	-	-
Operating Revenues			
310 Taxes	103,811	201,419	-
320 Licenses & Permits	-	-	-
330 Intergovernmental Revenues	770,098	-	18,230
340 Charges for Goods and Services	-	-	-
350 Fines & Penalties	-	-	-
360 Miscellaneous Revenues	2,270	-	17
Total Operating Revenues:	876,180	201,419	18,247
Operating Expenditures			
510 General Government	64,608	-	-
520 Public Safety	-	-	-
530 Utilities And Environment	-	-	468
540 Transportation	-	-	-
550 Economic Environment	65	-	-
560 Mental & Physical Health	-	-	-
570 Culture And Recreation	1,000	-	-
598 Intergovernmental Payments	770,037	302,030	-
Total Operating Expenditures:	835,710	302,030	468
Net Operating Increase (Decrease):	40,469	(100,611)	17,779
Nonoperating Revenues			
370, 380, 395, 398 Other Financing Sources	-	-	-
391-393 Debt Proceeds	-	-	-
397 Transfers-In	-	-	-
Total Nonoperating Revenues:	-	-	-
Nonoperating Expenditures			
580, 596, 599 Other Financing Uses	-	-	-
591-593 Debt Service	-	-	17,168
594-595 Capital Expenditures	61,803	-	-
597 Transfers-Out	340,559	-	-
Total Nonoperating Expenditures:	402,362	-	17,168
Increase (Decrease) in Cash and Investments	(361,893)	(100,611)	611
Ending Cash and Investments			
50810 End Fund Bal-Reserved	453,762	240,107	14,392
50880 End Fund Balance-Unreserved	-	-	-

The accompanying notes are an integral part of this Statement.

**PACIFIC COUNTY**  
**FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS**  
**For the Year Ended December 31, 2012**

BARS Code	502 EQUIPMENT RENTAL & REVOLVING	522 PAYROLL INTERNAL SERVICE FUND	531 CUMULATIVE RESERVE/INSURANCE
Beginning Cash and Investments			
30810 Beg Fund Bal-Reserved	-	932,486	32,929
30880 Beg Fund Bal-Unreserved	4,009,897	627,693	367,260
38880/58880 Prior Period Adjustments, net	(494)	(28,004)	-
Operating Revenues			
310 Taxes	-	-	-
320 Licenses & Permits	-	-	-
330 Intergovernmental Revenues	11,300	-	-
340 Charges for Goods and Services	437,873	194,765	476,871
350 Fines & Penalties	-	-	-
360 Miscellaneous Revenues	1,184,898	3,008	2,181
Total Operating Revenues:	1,634,071	197,773	479,052
Operating Expenditures			
510 General Government	217,175	1,407,373	483,710
520 Public Safety	162,612	48,543	-
530 Utilities And Environment	54,185	-	-
540 Transportation	1,197,538	-	-
550 Economic Environment	-	-	-
560 Mental & Physical Health	-	-	-
570 Culture And Recreation	-	-	4,765
598 Intergovernmental Payments	-	-	-
Total Operating Expenditures:	1,631,509	1,455,916	488,474
Net Operating Increase (Decrease):	2,561	(1,258,143)	(9,422)
Nonoperating Revenues			
370, 380, 395, 398 Other Financing Sources	7,798	1,213,077	-
391-393 Debt Proceeds	-	-	-
397 Transfers-In	-	-	-
Total Nonoperating Revenues:	7,798	1,213,077	-
Nonoperating Expenditures			
580, 596, 599 Other Financing Uses	-	-	-
591-593 Debt Service	-	-	-
594-595 Capital Expenditures	489,501	-	1,617
597 Transfers-Out	-	-	-
Total Nonoperating Expenditures:	489,501	-	1,617
Increase (Decrease) in Cash and Investments	(479,142)	(45,066)	(11,039)
Ending Cash and Investments			
50810 End Fund Bal-Reserved	-	904,482	32,929
50880 End Fund Balance-Unreserved	3,530,262	582,627	356,221

The accompanying notes are an integral part of this Statement.

**PACIFIC COUNTY**  
**FIDUCIARY FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS**  
**For the Year Ended December 31, 2012**

<b>BARS Code</b>	<b>Total for All funds</b>	<b>620 Drug Task Force</b>	<b>633 Dispute Resolution</b>	<b>660 Post Closure Fund</b>
308 Beginning Cash and Investments	730,157	-	330	350,173
388 and 588 Prior Period Adjustments, net	-	-	-	-
310-360 Revenues	452,683	2,556	4,220	52,270
370-390 Other Increases and Financing Sources	15,303	-	-	-
510-570 Expenditures	33,685	2,556	-	31,129
580-590 Other Decreases and Financing Uses	315,277	-	4,240	-
Increase (Decrease) in Cash and Investments	119,024	-	(20)	21,141
508 Ending Cash and Investments	849,183	-	310	371,314
<b>BARS Code</b>	<b>661 Treasurer's Suspense</b>	<b>662 Foreclosure Trust</b>	<b>663 Advance Tax</b>	<b>664 Over Pd Tax Suspense</b>
308 Beginning Cash and Investments	9,465	40,323	454	3,677
388 and 588 Prior Period Adjustments, net	-	-	-	-
310-360 Revenues	-	57,772	-	-
370-390 Other Increases and Financing Sources	(2,195)	-	(122)	(1,287)
510-570 Expenditures	-	-	-	-
580-590 Other Decreases and Financing Uses	4,571	27,971	198	1,717
Increase (Decrease) in Cash and Investments	(6,766)	29,801	(320)	(3,004)
508 Ending Cash and Investments	2,700	70,124	134	673

The accompanying notes are an integral part of this Statement.

PACIFIC COUNTY  
 FIDUCIARY FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS  
 For the Year Ended December 31, 2012

BARS Code	665 Unclaimed Property	666 Drug Task Force	667 Leasehold Excise Suspense	668 Private Harvest
308 Beginning Cash and Investments	268	66	-	268,651
388 and 588 Prior Period Adjustments, net	-	-	-	-
310-360 Revenues	-	-	1,242	334,622
370-390 Other Increases and Financing Sources	-	207	-	-
510-570 Expenditures	-	-	-	-
580-590 Other Decreases and Financing Uses	-	273	1,242	268,651
Increase (Decrease) in Cash and Investments	-	(66)	-	65,971
508 Ending Cash and Investments	268	-	-	334,622
BARS Code	669 DPW Suspense	670 Road Vac Suspense		
308 Beginning Cash and Investments	56,650	100		
388 and 588 Prior Period Adjustments, net	-	-		
310-360 Revenues	-	-		
370-390 Other Increases and Financing Sources	18,700	-		
510-570 Expenditures	-	-		
580-590 Other Decreases and Financing Uses	6,413	-		
Increase (Decrease) in Cash and Investments	12,287	-		
508 Ending Cash and Investments	68,938	100		

The accompanying notes are an integral part of this Statement.

## **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 Expenditures		2012		
		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						2,000	-	2,000
034	Public (Indigent) Defense Services			389,820	350,497					389,820	350,497	39,323
061	Juvenile Detention ("Contract Beds")			95,000	81,920					95,000	81,920	13,080
100	County Assessor	485,637	485,637	81,982	57,220			17,168	17,168	584,787	560,026	24,761
200	County Auditor	217,971	210,739	99,100	82,648					317,071	293,387	23,684
301	County Commissioners	282,685	273,411	30,870	29,131			3,234	3,234	316,789	305,776	11,013
302	Cooperative Extension Services	34,729	28,324	24,310	23,785					59,039	52,108	6,931
303	Civil Service Commission	12,204	12,136	4,510	3,042					16,714	15,178	1,536
305	Interfund Support			1,010,709	1,010,709					1,010,709	1,010,709	-
311	General Facilities	140,379	140,134	329,027	310,915					469,406	451,049	18,357
312	County Parks	5,475	1,643	23,283	24,238			5,000	3,196	33,758	29,077	4,681
313	Telecommunications			87,180	86,700					87,180	86,700	480
34X	Dept. of Gen. Administration	137,124	131,941	28,229	19,911			1,617	1,617	166,970	153,469	13,501
400	County Clerk	238,609	238,491	23,731	23,727					262,340	262,217	123
510	North (Willapa) District Court	207,313	205,184	20,624	18,464					227,937	223,648	4,289
560	South (Peninsula) District Court	267,830	267,767	26,083	25,930					293,913	293,697	216
600	Superior Court	271,697	271,693	114,625	114,616					386,322	386,309	13
700	County Prosecuting Attorney	590,377	563,242	85,990	84,246					676,367	647,487	28,880
801	Law Enforcement Services	1,172,731	1,153,388	272,488	256,568					1,445,219	1,409,955	35,264
802	Correction Services	867,703	822,794	227,289	190,178			10,825	9,814	1,105,817	1,022,786	83,031
803	Communications			74,761	72,049					74,761	72,049	2,712
900	County Treasurer	259,855	259,806	56,698	52,585					316,553	312,391	4,162
112	Treasurer's REET Electronic Tech. Fund	5,484	5,484	7,177	5,808					12,661	11,292	1,369
197	Cumulative Reserve Fund	30,821	30,821	235,682	172,030			33,497	33,491	300,000	236,342	63,658
101	County Fair Fund	33,335	33,127	64,830	63,662	1,369	1,363	33,845	16,547	133,379	114,700	18,680
102	Emergency Management (PCEMA) Fund	73,772	73,462	75,452	57,624					149,224	131,086	18,138
103	Law Library Fund			10,000	308					10,000	308	9,692
104	Road Fund Public Works M & O	1,788,365	1,788,174	3,276,220	2,700,022			2,390,000	770,251	7,454,585	5,258,447	2,196,138
104	Traffic Law Enforcement	249,147	248,476	50,957	50,842					300,104	299,318	786
105	Veterans' Relief Fund	2,495	2,494	11,051	5,939					13,546	8,432	5,114
106	Tourist Development Fund	14,681	14,652	265,319	262,627					280,000	277,279	2,721
108	Flood Control Zone District No. 1 Fund	37,700	31,136	160,579	111,260	37,868	37,174	43,000		279,147	179,571	99,576
109	Vegetation Management (NW Ctrl.) Fund	188,211	174,940	167,277	130,540					355,488	305,480	50,008
110	Treasurer's O&M. Fund	20,845	20,845	43,600	43,584					64,445	64,428	17
111	Auditor's Operation & Maintenance Fund	62,014	52,565	42,406	38,380					104,420	90,945	13,475
116	Community Development Fund	831,340	760,403	347,310	294,226			89,000	88,907	1,267,650	1,143,536	124,114
117	Election Reserve Fund	119,557	114,876	97,563	69,974					217,120	184,850	32,270
118	Public Health & Human Services Fund	995,042	864,343	930,440	869,664					1,925,482	1,734,008	191,474
121	Coop. Extension Special Programs Fund			500	33					500	33	467
301	Cap. Improvements (0.25% REET) Fund	68,602	63,169	1,245,614	1,113,100			61,805	61,803	1,376,021	1,238,072	137,949
302	Public Facilities Improvements Fund			400,000	302,030					400,000	302,030	97,970
127	PC Low-Income Assistance Fund			163,498	88,029					163,498	88,029	75,469
128	Shellfish On-Site Sewage Program Fund			100,000						100,000	-	100,000
132	Special Investigations Fund	184,844	179,182	32,523	30,900					217,367	210,081	7,286
136	Juvenile Court Services Fund	369,969	364,201	84,981	61,730					454,950	425,931	29,019
138	Courts Special Account Fund	9,899	9,899	357	357					10,256	10,256	-
160	PACCOM (E-911) Fund	969,951	947,388	230,151	203,842			97,257	46,824	1,297,359	1,198,054	99,305
191	BECCA Reserve Fund	23,944	15,592	11,972	11,972					35,916	27,564	8,352
208	2008 LTGO Bond Redemption Fund					340,559	340,559			340,559	340,559	0
403	Eklund Park Sewer Fund			7,354	468	17,168	17,168			24,522	17,636	6,886
502	Equipment Rental & Revolving Fund	500,229	500,048	1,603,098	1,131,462			585,500	489,501	2,688,827	2,121,011	567,816
522	Payroll Internal Services Fund	2,263,786	1,383,956	74,985	71,960					2,338,771	1,455,916	882,855
531	Risk Management Fund	118,369	114,204	481,650	374,270			1,617	1,617	601,636	490,092	111,544
										31,255,905	25,985,721	5,270,184

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 5, *Debt Service Requirements*.

J. Risk Management

Pacific County is one of twenty-seven member counties of the Washington Counties Risk Pool ("Pool"). Other 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 terminated their memberships September 30<sup>th</sup> of 2010, 2002 and 2003 respectively.

**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 resulting from any of the Pool's fiscal years are financed by proportional reassessments (aka retroactive assessments) amongst the deficient year's membership. The Pool's reassessments receivable balance at December 31, 2012 was ZERO (\$0) as no contingent liabilities were known to exist at that time.

**Joint Self-Insurance Liability Program:** The Pool has provided its member counties occurrence-based, jointly self-insured and/or jointly purchased liability coverage since October 1, 1988 for 3<sup>rd</sup>-party bodily injury, personal injury, property damage, errors and omissions, and advertising injury, including public officials' errors and omissions. Total coverage limits have grown over time, from the \$1 million limit during the Pool's initial two months to \$5 million, then to \$10 million and onto \$15 million before reaching the \$20 million limit existing the past eight years. (Note: Additional limits of \$5 million were offered the past several years for acquisition as a member-by-member option.)

Except for the Pool's self insured retention (the greater of the member's deductible or \$100,000), the initial coverage of at least \$10 million has been fully reinsured since October 1994 by superior-rated commercial carriers. Members annually select a deductible amount of \$10,000, \$25,000, \$50,000,

\$100,000, \$250,000 or \$500,000 for each occurrence. The remaining insurance (up to \$15 million) is acquired as “following form” excess insurance, also from superior-rated commercial carriers. There are no aggregate limits to the payments made for any one member county or all member counties combined.

The Pool’s claims database increased during Py2012 with the addition of 634 new claims (and lawsuits) raising the 3<sup>rd</sup>-party liability claims to-date total submitted by member counties to 18,616. Estimates of total incurred losses (payments made plus reserved estimates for *open* claims) increased \$5.4 million during the year to \$242.8 million. The Py2012 amount represents just 34% of the corresponding \$16.0M increase in Py2011, 30% of the \$17.8M in Py2010, and only 26% of the \$20.8M annual average during Py2007 – Py2009.

**Washington Counties Property Program (“WCPP”):** Since the Pool began offering the jointly-purchased, fully-insured property insurance coverage to its membership as an individual county option in October 2005, participation has grown by more than 50% and the total value of covered properties has nearly doubled. Twenty six member counties with covered properties totaling nearly \$2.67 billion participated in this program during Py2012.

Coverage is for structures, vehicles, mobile equipment, EDP equipment, etc., and composite limits include \$500 million for normal (All Other Perils) exposures and \$200 million for catastrophe (Flood / Earthquake) exposures. Occurrence deductibles, which the participating counties select annually and which the counties are solely responsible for paying, range between \$5,000 and \$50,000 for the AOP coverage.

Superior-rated commercial insurers are responsible for covered losses exceeding the participant deductibles to the maximum limits of the policy. There were 7 claims filed during Py2012 by participating counties with incurred loss estimates totaling \$0.35 million. During the WCPP’s first seven years as a WCRP optional insuring program, there have been 85 property claims filed with incurred-to-date losses totaling slightly more than \$11 million. With to-date premiums for this coverage totaling nearly \$16.5 million, the program’s cumulative loss ratio is 0.667.

**Other Insurances:** Several member counties also use the Pool’s producer (broker) for other insurance placements. Public officials bonds, crime (& fidelity), special events/concessionaires, Underground Storage Tanks and other environmental hazards insurance coverages are examples.

**Background:** The Pool was formed August 18, 1988 when several Washington counties approved an Interlocal (Cooperative) Agreement under Chapter 39.34 RCW to provide its 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 Washington’s “pooling” laws, more specifically Chapters 48.62 RCW and 200.100 WAC. They are overseen by the State Risk Manager and subject to fiscal audits performed annually by the State Auditor.

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. The Pool’s 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.

The enabling Interlocal Agreement was amended once (in 2000) to add a Membership Compact, a commitment to strengthen the Pool by helping its member counties implement and/or enhance local risk management efforts to reduce losses and support the best management of the Pool and its resources. The intent of the Compact was to obligate member counties to support these goals through three major elements; membership involvement, risk control practices, and a targeted risk management program.

A new member may be asked to pay modest admittance fees to cover that member's share of the Pool's organizational expenses and costs to analyze its loss data and risk profile. Members contract initially to remain in the Pool for at least five years. Counties may terminate their memberships at the conclusion of any Pool fiscal year following the initial term if the county timely files its required advance written notice. Otherwise, the Interlocal Agreement is renewed automatically for another year. Even after termination, a former member remains responsible for reassessments from the Pool for its proportional shares of any unresolved, unreported, and in-process claims for the periods that former member was a signatory to the Interlocal Agreement.

**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 Pool's board of directors, 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 determining the 3<sup>rd</sup>-party liability coverage to be offered (approving the insuring document or coverage form), the reinsurance program(s) to acquire and the excess insurance(s) to be jointly purchased or offered for optional purchase by the member counties, for approval of the Pool's annual operating budget(s) and work program(s), and for approval of the member deposit assessment formulas applicable to the ensuing policy year.

Regular oversight of the Pool's operations is furnished by an 11-person executive committee. The committee persons are elected by the Pool's board of directors from its membership to staggered, 3-year terms. The committee meets several times throughout the year to approve all Pool disbursements and examine the Pool's financial health; to approve any case settlement exceeding the member's deductible by at least \$50,000, and to review all claims with incurred loss estimates exceeding \$100,000; to evaluate the Executive Director and the Pool's operations and program deliverables; and 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 6-person claims staff with more than ninety years of combined claims-handling experience handles or oversees the handling of the several hundred liability cases filed upon the Pool's member counties each year. This includes establishing reserves for covered events and estimating undiscounted future cash payments for losses and their related claims adjustment expenses. Other Pool staffers provide various member services, e.g. conducting risk assessments and compliance audits, coordinating numerous trainings, researching other coverages and marketing. Some address and support the organization's administrative needs.

Also, professionals from some of the most respected organizations worldwide are called upon regularly to address specific needs of the Pool. For example, independent actuarial services are furnished by PricewaterhouseCoopers, LLP; independent claims auditing is performed by Startegic Claims Direction with special claims audits frequently performed by the Pool's commercial reinsurers / insurers; insurance producer (broker) and advanced loss control services are provided by Arthur J. Gallagher Risk Management Services, Inc.; and coverage counsel is provided by J. William Ashbaugh of Hackett Beecher & Hart. These professionals are in addition to the many contracted and in-county attorneys assigned to defend Pool cases, as well as the examinations by and services from the State Risk Manager and the State Auditor.

**Financial Summary:** The following constitute the most significant highlights from the Pool's most recently completed Policy (Fiscal) Year (October 2011 through September 2012):

- *Net Operating Income* realized was \$1.8 million, a 132% year-over-year increase and nearly triple the annual average from the past ten years, 2002-11.
- *Total Assets* grew \$1.0 million (2%) to \$42.1 million. Current assets increased \$1.2 million (3%) while non-current assets decreased \$0.2 million (16%).
- Total *Claims Reserves* for the Pool's direct reserving exposures decreased 2% to \$14.7 million. This total includes: \$4.3 million for losses in the coverage layer retained by the Pool, down 23%; \$9.4 million for the aggregated stop losses in the retained layers associated with the "corridor" program for automobile and general liabilities, up 10%; and \$1.0 million for unallocated loss adjustment expenses, up 17% from one year ago. *NOTE: The corridor program referenced is now six years old yet still not*

fully matured. Further, its occurrence coverage maximum was increased to \$1.0 million beginning with Py2010, up from the \$0.5 million level that existed during the program's first three years, while the program's occurrence minimum remains the greater of the applicable member's deductible or \$100,000.

- *Net Position* (formerly referred to as *Net Assets* and also known as *Members' Equity*) increased \$1.8 million to nearly \$12.9 million as of September 30, 2012. Of that total, \$4.8 million is classified as *Restricted Net Position* — \$0.8 million to satisfy the State's solvency provisions (WAC 200.100.03001) plus \$4.0 million for the Pool's Underwriting Policy requirements – and another \$1.0 million is held as *Capital Assets* (net of debt). The remaining \$7.1 million held as *Non-Restricted Net Position*, up from \$4.4 million one year before, is available for use as directed by the Pool's Board of Directors.

**K. Reserved Fund Balance**

Fund	Amount Reserved	Reason Reserved
1	\$93,038	Treasurer's REET as defined in RCW 82.45.180
101	\$53,129	Maintenance and operation of Pacific County Fair
102	\$19,089	Emergency Management functions as defined in RCW 38.52.010
103	\$14,283	Law Library as defined in RCW 27.24.070
104	\$5,468,465	Roads Maintenance as defined in RCW 36.82.010
105	\$45,264	Veteran Relief as defined in RCW 73.08.080
106	\$404,106	Tourism Development as defined in RCW 67.28.181
108	\$712,009	Maintenance and operation of the Flood Control District
109	\$93,045	Vegetation Management as defined in RCW 17.10.240
110	\$127,931	Treasurer's Operation and Maintenance as defined in RCW 84.56.020
111	\$81,144	Auditors's Operation and Maintenance as defined in RCW 36.22.170
116	\$63,100	Managing Community Development regulations
117	\$147,262	Elections as defined in RCW 36.33.200
118	\$91,214	Health as defined in RCW 82.14.460
121	\$721	Provide education opportunities to interested individuals
127	\$428,225	Low Income Assistance as defined by RCW 43.185.060
128	\$100,000	Per Grant requirements of Septic systems
132	\$59,117	Drug enforcement activities
136	\$17,110	Juvenile as restricted per grant requirements
138	\$20,667	Court costs as defined by RCW 36.18.016 and 26.12.240
160	\$119,050	E911 as defined by RCW 38.52.510
191	\$84,609	Becca Court costs as restricted per grant requirements
403	\$14,391	Reserved for use of Eklund Park Loan Payment
301	\$453,762	Capital Improvements as defined by RCW 82.46.010 and 82.46.035
302	\$240,107	Capital Improvements in the community as defined by RCW 82.14.370
208	\$179	Debt Service
522	\$904,482	Compensated Absence and LEOFF Liability
531	\$32,929	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, 2012 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)	19,358,068.42	18,623,342.79	37,981,411.21
Certificates of Deposit (BOP)	258,337.66	178,528.74	436,866.40
U.S. Agency Bonds	2,006,912.83		2,006,912.83
Total	21,623,318.91	18,801,871.53	40,425,190.44

(BOP) Bank of the Pacific

(LGIP) Local Government Investment Pool

**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 2012 regular levy for the General Fund was \$1.456675 per \$1,000, which included \$60,791 for Mental Health on an assessed valuation of \$2,431,658,887 for a total regular levy of \$3,542,138.

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 2012 was \$1.588027 per \$1,000 on an assessed valuation of \$1,821,163,596 for a total road levy of \$2,892,058.

**Note 4 - Interfund Loans**

There was no inter-fund loan activity in 2012.

**Note 5 – 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, 2012.

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

	General Obligation <u>Bonds</u>	Revenue <u>Bonds</u>	Other <u>Debt</u>	Total <u>Debt</u>
2012	\$359,513	\$33,987		\$393,500
2013	359,513	\$33,825		393,338
2014	359,513	33,663		393,176
2015	359,513	33,501		393,014
2016	359,513	33,339		392,852
2017	359,513	33,178		392,691
2018 – 2020	1,078,539	98,562		1,177,101
2021 – 2025	1,797,565	32,530		1,830,095
2026 – 2030	1,116,447			1,116,447
2031 – 2035	94,770			94,770
2036 – 2040	42,810			42,810
2041 – 2045	8,930			8,930
2046 – 2047	3,345			3,345
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TOTALS	\$ <u>6,299,484</u>	\$ <u>332,585</u>	\$ _____	\$ <u>6,632,069</u>

**Note 7 - 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 8 – Prior Period Adjustments**

Prior Period adjustments for funds for vouchers payable (13th month) not included in 2009, General Fund \$175, Road Fund \$3,641, Flood Control \$5,350, Vegetation Management \$525, Department of Community Development (\$700), Auditor O & M \$ 23,543, Election Reserve \$145, Capital Improvement \$231, Equipment Rental and Revolving \$494 and Payroll Internal Service \$28,004 these expenditures did not put any of these funds over budget in 2009.

**Note 9 - Other Post-Employment Benefits**

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 \$48,543 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 \$302,257 for this future expense and continue to budget \$100,000 per year.

**Note 10 - Other Disclosures**

The Department of Community Development is in the process of creating a \$500,000 Onsite septic loan program. This will start June 1, 2013 providing loans to low income families with a failing loan system. This loan program is from the Department of Ecology and will create a liability to the county.

**Note 11 – Subsequent Event**

In June of 2013, Pacific County refinanced the South County Bond in the amount of \$3,810,000 in a Limited Tax General Obligation Refunding Bond, this allowed the county to reduce the interest rate from 4.49% to 3.125% an overall estimated savings of \$410,025 over the length of the loan.

MCAG NO. 0148

**Pacific County**

Schedule 09

Schedule of Liabilities  
For the year ended December 31, 2012

Debt Type	ID. No.	Description	Maturity/Payment Due Date	Beginning Balance January 1, 2012	Additions	Reductions	BARS Code for Redemption of Debt Only	Ending Balance December 31, 2012
<b>General Obligations</b>								
	251.11	GO Bond Bank of Pacific	11/1/2028	4,017,988	0	161,885	59139	3,856,103
	263.81	Eklund Park	9/1/2036	251,871	0	6,317	58235	245,554
	263.81	PWTF FCDZ #1	9/17/2022	323,684	0	32,368	59131	291,316
	263.81	Pac Cnty USDA Fair Loan	11/1/2047	33,291	0	417	59175	32,874
	259.11	Compensated Absences		688,248	654,288	741,311	59317	601,225
	259.11	OPEB Liability		244,237	71,552	13,532	59322	302,257
<b>Total General Obligations:</b>				<b>5,559,319</b>	<b>725,840</b>	<b>955,830</b>		<b>5,329,329</b>
<b>Total Liabilities:</b>				<b>5,559,319</b>	<b>725,840</b>	<b>955,830</b>		<b>5,329,329</b>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2012

Federal Agency Name/Pass-Through Agency Name	Federal Program Name	CFDA Number	Other Award I.D. Number	Expenditures		Foot Note Ref.
				From Pass-Through Awards	From Direct Awards	
Department of Agriculture Food and Nutrition Service/Dept of Health	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	C16896	131,739		131,739 1, 12
Department of Agriculture Food and Nutrition Service/Dept of Health	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	C16806-4	96,028		96,028 1, 2, 15
Department of Agriculture Food and Nutrition Service/Dept of Health	WIC Farmers' Market Nutrition Program (FMNP)	10.572	C16896	235		235 1, 12
Department of Commerce / National Oceanic and Atmospheric Administration (NOAA)	Pacific Coast Salmon Recovery_Pacific Salmon Treaty Program	11.438	n/a		30,608	30,608 1
Department of Housing and Urban Development Office of Community Planning and Development/Dept of Commerce	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	09-64009-030	770,037		770,037 1, 8
Department of Justice/Drug Enforcement Administration Passed-Through Washington State Patrol:	Domestic Cannabis Eradication/Suppression Program	16.000	C120822Fed	3,000		3,000 1
Department of Justice Office of Juvenile Justice and Delinquency Prevention	Juvenile Accountability Block Grants	16.523	0663-05691-07		10,325	10,325 1
Department of Justice Violence Against Women Office	Violence Against Women Formula Grants	16.588	F11-31103-030		2,769	2,769 1
Department of Justice Office of Community Oriented Policing Services	Public Safety Partnership and Community Policing Grants	16.710	SHB6239		12,762	12,762 1
Department of Justice Office of Community Oriented Policing Services	Public Safety Partnership and Community Policing Grants	16.710	2011UMWX0194		45,219	45,219 1
<b>Total CFDA 16.710</b>				-	<b>57,980</b>	<b>57,980</b>
Department of Justice Office of Juvenile Justice and Delinquency Prevention	Enforcing Underage Drinking Laws Program	16.727	n/a		3,646	3,646 1, 2
Department of Justice Office of Juvenile Justice and Delinquency Prevention	Enforcing Underage Drinking Laws Program	16.727	n/a		1,918	1,918 1
Department of Justice Office of Juvenile Justice and Delinquency Prevention/DSHS	Enforcing Underage Drinking Laws Program	16.727	1163-27318	25,985		25,985 1, 2
<b>Total CFDA 16.727</b>				<b>25,985</b>	<b>5,564</b>	<b>31,549</b>
Department of Justice	Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants To Units Of Local Government	16.804	2009 SB-B9-1105		3,131	3,131 1, 9
Department of Transportation Federal Highway Administration (FHWA)	Highway Planning and Construction	20.205	MP 4.00 TO IMP 5.04 STPR-M250(003) LA-7275		216,428	216,428 1
Department of Transportation Federal Highway Administration (FHWA)	Highway Planning and Construction	20.205	HSIP-000S(301) LA-7650		226,632	226,632 1
Department of Transportation Federal Highway Administration (FHWA)	Highway Planning and Construction	20.205	HSIP-000S(248) LA-7387		228,055	228,055 1
<b>Total CFDA 20.205</b>				-	<b>671,115</b>	<b>671,115</b>
Department of Health and Human Services Centers for Disease Control and Prevention/Dept of Health	Public Health Emergency Preparedness	93.069	C16896	57,187		57,187 1, 2, 14
Department of Health and Human Services Office of Population Affairs/Dept of Health	Family Planning_Services	93.217	C16896	16,943		16,943 1, 2, 16
Department of Health and Human Services Centers for Medicare and Medicaid Services/Dept of Health	Immunization Cooperative Agreements	93.268	C16896	15,373		15,373 1, 2, 13
Department of Health and Human Services Centers for Disease Control and Prevention	Immunization Cooperative Agreements	93.268	n/a		13,033	13,033 5
<b>Total CFDA 93.268</b>				<b>15,373</b>	<b>13,033</b>	<b>28,406</b>
Department of Health and Human Services Substance Abuse and Mental Health Services Administration	Drug-Free Communities Support Program Grants	93.276	n/a		16,083	16,083 1, 2
Department of Health and Human Services Substance Abuse and Mental Health Services Administration	Drug-Free Communities Support Program Grants	93.276	1H79SP015713-03 AND 04		137,016	137,016 1, 2
<b>Total CFDA 93.276</b>				-	<b>153,099</b>	<b>153,099</b>

Federal Agency Name/Pass-Through Agency Name	Federal Program Name	CFDA Number	Other Award I.D. Number	Expenditures		Foot Note Ref.
				From Pass-Through Awards	From Direct Awards	
Department of Health and Human Services Centers for Medicare and Medicaid Services/Grays Harbor County	Centers for Disease Control and Prevention_ Investigations and Technical Assistance	93.283	n/a	7,143	7,143	1,3
Department of Health and Human Services Centers for Medicare and Medicaid Services/Dept of Health	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	879	879	1,2,13
Department of Health and Human Services Administration for Children and Families/DSHS	Promoting Safe and Stable Families	93.556	1263-52715	6,337	6,338	1,2,17
Department of Health and Human Services Administration for Children and Families	Child Support Enforcement	93.563	75-1501-0-1-609		15,629	1
Department of Health and Human Services Centers for Medicare and Medicaid Services/DSHS	Medical Assistance Program	93.778	0963-68051-03	50,927	50,927	1,2
Department of Health and Human Services Centers for Medicare and Medicaid Services/DSHS	Medical Assistance Program	93.778	1163-33963	4,750	4,750	1
Department of Health and Human Services Centers for Medicare and Medicaid Services/DSHS	Medical Assistance Program	93.778	n/a	23,032	23,032	1
Department of Health and Human Services Centers for Medicare and Medicaid Services/Dept of Health	Medical Assistance Program	93.778	C16896	29	29	1,2,13
Department of Health and Human Services Centers for Medicare and Medicaid Services	Medical Assistance Program	93.778	n/a		135,425	1,2
Department of Health and Human Services Centers for Medicare and Medicaid Services	Medical Assistance Program	93.778	n/a		16,614	1,2,7
Department of Health and Human Services Centers for Medicare and Medicaid Services	Medical Assistance Program	93.778	n/a		24,374	1,2
Department of Health and Human Services Centers for Medicare and Medicaid Services/Dept of Health	Medical Assistance Program	93.778	C16896	14,316	14,316	1,2,16
<b>Total</b>	<b>Total CFDA 93.778</b>			<b>93,053</b>	<b>176,414</b>	
Department of Health and Human Services Office of the Secretary/Dept of Health	National Bioterrorism Hospital Preparedness Program	93.889	C16896	7,141	7,141	1,2,14
Department of Health and Human Services Substance Abuse and Mental Health Services Administration	Block Grants for Community Mental Health Services	93.958	n/a		193	1,2
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	2,412	2,412	1
<b>Total</b>	<b>Total CFDA 93.958</b>			<b>2,412</b>	<b>193</b>	
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	0963-68051-03	45,727	45,727	1,2
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	n/a	35,262	35,262	1
<b>Total</b>	<b>Total CFDA 93.959</b>			<b>80,989</b>	<b>-</b>	
Department of Health and Human Services Centers for Medicare and Medicaid Services/Dept of Health	Maternal and Child Health Services Block Grant to the States	93.994	C16896-5	5,917	5,917	1,6
Department of Health and Human Services Centers for Medicare and Medicaid Services/Dept of Health	Maternal and Child Health Services Block Grant to the States	93.994	C16896	10,684	10,684	1,10
Department of Health and Human Services Centers for Medicare and Medicaid Services/Dept of Health	Maternal and Child Health Services Block Grant to the States	93.994	C16896	22,180	22,180	1,2,11
<b>Total</b>	<b>Total CFDA 93.994</b>			<b>38,781</b>	<b>-</b>	
Department of Homeland Security	Emergency Management Performance Grants	97.042	#E12-042	16,800	16,800	1,2
Department of Homeland Security	Emergency Management Performance Grants	97.042	#E12-338	1,593	1,593	1,2
<b>Total</b>	<b>Total CFDA 97.042</b>			<b>18,394</b>	<b>-</b>	
<b>Total</b>	<b>Total Federal Awards Expended:</b>			<b>1,353,261</b>	<b>1,158,255</b>	<b>2,511,516</b>

PACIFIC COUNTY, WASHINGTON

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2012**

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 County's portion, are more than shown.

NOTE 3 - INDIRECT COST RATE

The amount expended includes \$814.70 claimed as an indirect cost recovery using an approved indirect cost rate of 12.93 percent.

NOTE 4 - INDIRECT COST RATE

The amount expended includes \$614.18 claimed as an indirect cost recovery using an approved indirect cost rate of 12.93 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 \$677.99 claimed as an indirect cost recovery using an approved indirect cost rate of 12.93 percent.

NOTE 7 - INDIRECT COST RATE

The amount expended includes \$4,018.23 claimed as an indirect cost recovery using an approved indirect cost rate of 12.93 percent.

NOTE 8 - AMOUNTS AWARDED TO SUBRECIPIENTS

Included in the total amount expended for this program is \$770,036.94 that was passed through to a subrecipient that administered its own project.

NOTE 9 - AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) of 2009

Expenditures for this program were funded by ARRA.

NOTE 10 - INDIRECT COST RATE

The amount expended includes \$1,224.11 claimed as an indirect cost recovery using an approved indirect cost rate of 12.93 percent.

NOTE 11 - INDIRECT COST RATE

The amount expended includes \$2,779.48 claimed as an indirect cost recovery using an approved indirect cost rate of 12.93 percent.

NOTE 12 - INDIRECT COST RATE

The amount expended includes \$21,102.76 claimed as an indirect cost recovery using an approved indirect cost rate of 12.93 percent.

NOTE 13 - INDIRECT COST RATE

The amount expended includes \$3,837.69 claimed as an indirect cost recovery using an approved indirect cost rate of 12.93 percent.

NOTE 14 - INDIRECT COST RATE

The amount expended includes \$7,550.66 claimed as an indirect cost recovery using an approved indirect cost rate of 12.93 percent.

NOTE 15 - INDIRECT COST RATE

The amount expended includes \$11,016.55 claimed as an indirect cost recovery using an approved indirect cost rate of 12.93 percent.

NOTE 16 - INDIRECT COST RATE

The amount expended includes \$8,594.23 claimed as an indirect cost recovery using an approved indirect cost rate of 12.93 percent.

NOTE 17 - INDIRECT COST RATE

The amount expended includes \$573.93 claimed as an indirect cost recovery using an approved indirect cost rate of 10 percent.



## **ABOUT THE STATE AUDITOR'S OFFICE**

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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.

Our mission is to work with our audit clients and citizens as an advocate for government accountability. 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.

The State Auditor's Office employees are located around the state to deliver services effectively and efficiently.

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 and fraud, whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our Web site and through our free, electronic subscription service.

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

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**Director of State and Local Audit**  
**Deputy Director of Quality Assurance**  
**Deputy Director of Communications**  
**Local Government Liaison**  
**Public Records Officer**  
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