

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

Whatcom Council of Governments
Whatcom County

Audit Period
January 1, 2012 through December 31, 2012

Report No. 1010140

Issue Date
July 22, 2013



WASHINGTON
TROY KELLEY
STATE AUDITOR



**Washington State Auditor
Troy Kelley**

July 22, 2013

Council
Whatcom Council of Governments
Bellingham, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the Whatcom Council of Governments' financial statements and compliance with federal laws and regulations.

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

Sincerely,

TROY KELLEY
STATE AUDITOR

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

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Federal Summary

Whatcom Council of Governments Whatcom County January 1, 2012 through December 31, 2012

The results of our audit of the Whatcom Council of Governments 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 Council.

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 Council's compliance with requirements applicable to its major federal program.

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

Identification of Major Programs:

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

<u>CFDA No.</u>	<u>Program Title</u>
20.205	Highway Planning and Construction Cluster - 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 Council qualified as a low-risk auditee under OMB Circular A-133.

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters in Accordance with *Government Auditing Standards*

Whatcom Council of Governments Whatcom County January 1, 2012 through December 31, 2012

Council
Whatcom Council of Governments
Bellingham, Washington

We have audited the financial statements of the Whatcom Council of Governments, Whatcom County, Washington, as of and for the year ended December 31, 2012, and have issued our report thereon dated June 24, 2013.

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.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Council's internal control over financial reporting as a basis for designing our auditing procedures 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 Council's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over financial reporting.

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 Council's financial statements will not be prevented, or detected and corrected on a timely basis.

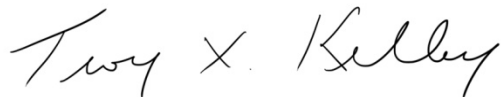
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Council's financial statements are free of material misstatement, we performed tests of the Council'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*.

This report is intended for the information and use of management, the Council, federal awarding agencies and pass-through entities. 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

June 24, 2013

Independent Auditor's Report on Compliance
with Requirements That Could Have a Direct
and Material Effect on Each Major Program and
on Internal Control over Compliance in
Accordance with OMB Circular A-133

**Whatcom Council of Governments
Whatcom County
January 1, 2012 through December 31, 2012**

Council
Whatcom Council of Governments
Bellingham, Washington

COMPLIANCE

We have audited the compliance of the Whatcom Council of Governments, Whatcom 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 its major federal program for the year ended December 31, 2012. The Council's major federal program is identified in the Federal Summary. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Council's management. Our responsibility is to express an opinion on the Council's compliance based on our audit.

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 Council'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. Our audit does not provide a legal determination on the Council's compliance with those requirements.

In our opinion, the Council complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2012.

INTERNAL CONTROL OVER COMPLIANCE

The management of the Council is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Council's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 Council'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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of management, the Council, federal awarding agencies and pass-through entities. 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

June 24, 2013

Independent Auditor's Report on Financial Statements

Whatcom Council of Governments Whatcom County January 1, 2012 through December 31, 2012

Council
Whatcom Council of Governments
Bellingham, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Whatcom Council of Governments, Whatcom County, Washington, for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Council's financial statements, as listed on page 10.

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 the Washington State statutes and the *Budgeting, Accounting and Reporting System (BARS)* manual prescribed by the State Auditor as 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 Council'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 Council'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 account 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 the Whatcom Council of Governments, 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 States of America. Our opinion is not modified with respect to this matter.

Other Matters

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

This report is intended for the information and use of management, the Council, federal awarding agencies and pass-through entities of the Council. 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 June 24, 2013 on our consideration of the Council'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 the 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 Council's internal control over financial reporting and compliance.

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

TROY KELLEY
STATE AUDITOR

June 24, 2013

Financial Section

**Whatcom Council of Governments
Whatcom County
January 1, 2012 through December 31, 2012**

FINANCIAL STATEMENTS

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

SUPPLEMENTARY INFORMATION

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

**WHATCOM COUNCIL OF GOVERNMENTS
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS**

For the Year Ended December 31, 2012

BARS CODE		Total for All Funds	001
			General Fund
		Total Amount	Actual Amount
Beginning Cash and Investments		\$282,095	\$282,095
308.10	Reserved	35,987	35,987
308.80	Unreserved	246,108	246,108
	Prior Period Adjustments (388.80 and 588.80)		
Revenues and Other Sources			
310	Taxes		
320	Licenses and Permits		
330	Intergovernmental Revenues	1,583,571	1,583,571
340	Charges for Goods and Services	1,380	1,380
350	Fines and Penalties		
360	Miscellaneous Revenues	162,514	162,514
370	Capital Contributions		
390	Other Financing Sources		
Total Revenues and Other Financing Sources		1,747,465	1,747,465
Total Resources		2,029,560	2,029,560
Operating Expenditures:			
510	General Government		
520	Public Safety		
530	Physical Environment		
540	Transportation		
550	Natural and Economic Environment	1,849,342	1,849,342
560	Mental and Physical Health		
570	Culture and Recreational		
Total Operating Expenditures		1,849,342	1,849,342
Nonoperating Revenues:			
391-393	Debt Service		
370, 380, 395, 398	Other Financing Sources	2,279	2,279
397	Transfers-In		
Total Nonoperating Revenues		2,279	2,279
Nonoperating Expenditures:			
591-593	Debt Service		
594-595	Capital Expenditures		
580, 596, 599	Other Financing Uses		
597	Transfers-Out		
Total Nonoperating Expenditures		0	0
Increase (Decrease) in Cash and Investments:		182,497	182,497
Ending Cash and Investments:			
50810	Reserved	32,979	32,979
50880	Unreserved	\$149,518	\$149,518

The Accompanying Notes Are An Integral Part Of This Statement.

WHATCOM COUNCIL OF GOVERNMENTS

Notes to Financial Statements

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

The Council 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 Council is a regional agency that provides planning and regional coordination services to its members and is supported primarily through member assessments and grants. The Council was established on March 26, 1970 and operates under RCW 36.64.080 and other laws of the state of Washington applicable to regional agencies. The Council uses single-entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

The Council consists of local governments in Whatcom County. At December 31, 2012 the Council consisted of representatives of the following local governments:

City of Bellingham	City of Sumas
City of Blaine	Whatcom County
City of Everson	Port of Bellingham
City of Ferndale	Birch Bay Water & Sewer District
City of Lynden	Lake Whatcom Water & Sewer District
City of Nooksack	

A. Fund Accounting

The accounts of the Council 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 Council's resources are allocated to and accounted for in individual funds depending on their intended purpose. The following are the fund types used by the Council:

GOVERNMENTAL FUND TYPES:

General (Current Expense) Fund

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

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(s) budget appropriations as required by state law.

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. Duties of Whatcom County

As required by statute, Whatcom County serves as the Council’s treasurer, issues Council warrants, invests available cash, and prepares cash receipt and disbursement reports of the Council’s financial activity.

D. Budget

The Council adopts an annual appropriated budget. This budget is appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

The annual appropriated budget is adopted on the same basis of accounting used for financial reporting.

The appropriated and actual expenditures for the legally adopted budget were as follows:

FUND	FINAL APPROPRIATED AMOUNT	ACTUAL EXPENDITURES	VARIANCE
General	\$1,952,361	\$1,849,342	\$103,019

The Executive Director is authorized to transfer budgeted amounts between object classes; however, any revisions that alter the total expenditures, or that affect the number of authorized employee positions must be approved by the Council’s legislative body.

E. Cash

It is the Council’s policy to invest all temporary cash surpluses. The amount is included in the net cash and investments shown on the statements of fund resources and uses arising from cash transactions. The interest on these investments is posted to the general (current expense) fund.

F. Deposits

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

G. Investments

See Note No. 2 Investments

H. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of 1 year. The capital assets of the Council are recorded as expenditures when purchased.

I. Compensated Absences

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

Sick leave may be accumulated up to 700 hours. Upon separation or retirement employees do not receive payment for unused sick leave.

J. Other Financing Sources Or Uses

The Council had no other financing sources or uses during the audit period.

K. Risk Management

The Council is a member of Enduris. Chapter 48.62 RCW provides the exclusive source of local government entity authority to individually or jointly self-insure risks, jointly purchase insurance or reinsurance, and to contract for risk management, claims, and administrative services. Enduris was formed July 10, 1987 pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW. Two (2) counties and two (2) cities in the State of Washington joined together by signing an Interlocal Governmental Agreement to fund their self-insured losses and jointly purchase insurance and administrative services. As of August 31, 2012, there are 477 Enduris members representing a broad array of special purpose districts throughout the state.

Enduris members share in the self-insured retention, jointly purchase excess and/or reinsurance coverage and provide risk management services and other related administrative services. Enduris provides “per occurrence” based policies for all lines of liability coverage including Public Official’s Liability. The Property coverage is written on an “all risk”, blanket basis using current Statement of Values. The Property coverage includes but is not limited to mobile equipment, electronic data processing equipment, business interruption, course of construction and additions, property in transit, fine arts, and automobile physical damage to insured vehicles. Boiler and machinery coverage is included on a blanket limit of \$100 million for all members. Enduris offers employee dishonesty coverage up to a liability limit of \$1,000,000. The Council has chosen a limit of \$250,000.

Members make an annual contribution to fund Enduris. Enduris acquires reinsurance from unrelated insurance companies on a “per occurrence” basis:

\$1,000,000 deductible on liability loss - the member is responsible for the first \$1,000 of the deductible amount of each claim, while Enduris is responsible for the remaining \$999,000 on liability loss;

\$250,000 deductible on property loss - the member is responsible for the first \$1,000 of the deductible amount of each claim, while Enduris is responsible for the remaining \$249,000 on property loss.

Insurance carriers cover all losses over the deductibles as shown to the policy maximum limits. Since Enduris is a cooperative program, there is a joint liability among the participating members.

The contract requires members to continue membership for a period of not less than one (1) year and must give notice 60 days before terminating participation. The Master Agreement (Intergovernmental Contract) is automatically renewed after the initial one (1) full fiscal year commitment. Even after termination, a member is still responsible for contribution to Enduris for any unresolved, unreported and in-process claims for the period they were a signatory to the Master Agreement.

Enduris is fully funded by its member participants. Claims are filed by members with Enduris and are administered in house.

A Board of Directors consisting of seven (7) board members governs Enduris. Its members elect the Board and the positions are filled on a rotating basis. The Board meets quarterly and is responsible for conducting the business affairs of Enduris.

L. Reserved Fund Balance

Use of the following amounts of cash and investments is restricted by individuals and entities that provided the funds:

	1/1/2012	12/31/2012
EverybodyBIKE - Maps	\$422	\$422
EverybodyBIKE - Education	970	2,156
IMTC Meeting Supplies	0	302
Community Transportation Advisory Group	5,348	685
West Coast Corridor Coalition	3,000	10,200
Whatcom Smart Trips – Incentives	26,247	19,214
Total Reserved Fund Balance	\$35,987	\$32,979

NOTE 2 - INVESTMENTS

The Council’s investments are held by Whatcom County as its agent in the Council’s name. Investments by type at December 31, 2012 are as follows:

<u>Type of Investment</u>	<u>Balance</u>
L.G.I.P.	\$ 159,628

NOTE 3 - PENSION PLANS

Substantially all Council full-time and qualifying part-time employees participate in the Public Employee Retirement System 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 Council's 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

**WHATCOM COUNCIL OF GOVERNMENTS
SCHEDULE OF LIABILITIES**

For the Year Ended December 31, 2012

ID. No.	Description	Maturity/Payment Due Date __/__/20__	Beginning Balance 01/01/2012	Additions	Reductions	BARS Code for Redemption of Debt Only	Ending Balance 12/31/2012
259.11	Accrued Vacation Leave		\$ 52,430	\$0	\$4,535	n/a	\$ 47,896

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	Total Amount	
Federal Highway Administration (fhwa), Department Of Transportation/Skagit Council of Governments	Highway Planning and Construction	20.205	Interlocal dated 09/20/2006	16,947		16,947	1,2,3,4
Federal Highway Administration (fhwa), Department Of Transportation/WSDOT Govt Liaison Office	Highway Planning and Construction	20.205	GCA-5760	5,303		5,303	1,2,3,4
Federal Highway Administration (fhwa), Department Of Transportation/WSDOT Mt. Baker Area Office	Highway Planning and Construction	20.205	GCA-6517	139,514		139,514	1,2,3,4
Federal Highway Administration (fhwa), Department Of Transportation/WSDOT Mt. Baker Area Office	Highway Planning and Construction	20.205	GCA-6521	24,176		24,176	1,2,3,4

Federal Highway Administration (fhwa), Department Of Transportation/WSDOT Government Liaison Office	Highway Planning and Construction	20.205	GCA-6588	8,304	8,304	8,304	1,2,
Federal Highway Administration (fhwa), Department Of Transportation/WSDOT Transportation Planning Office	Highway Planning and Construction	20.205	GCA-6790	108,706	108,706	108,706	1,2,3,4
Federal Highway Administration (fhwa), Department Of Transportation/WSDOT Mt. Baker Area Office	Highway Planning and Construction	20.205	GCB-1267	19,141	19,141	19,141	1,2,3,4
Federal Highway Administration (fhwa), Department Of Transportation/WSDOT Highways & Local Programs	Highway Planning and Construction	20.205	LA-5348	69,209	69,209	69,209	1,2,6
Federal Highway Administration (fhwa), Department Of Transportation/WSDOT Highways & Local Programs	Highway Planning and Construction	20.205	LA-7240	179,394	179,394	179,394	1,2,3,4
Federal Highway Administration (fhwa), Department Of Transportation/WSDOT Highways & Local Programs	Highway Planning and Construction	20.205	LA-7255	43,768	43,768	43,768	1,2,3,4

Federal Highway Administration (fhwa), Department Of Transportation/WSDOT Highways & Local Programs	Highway Planning and Construction	20.205	LA-7758	8,210	8,210	8,210	1,2,3,4
		Total CFDA 20.205		622,672	622,672	0	
Federal Transit Administration (fta), Department Of Transportation/WSDOT Transportation Planning Office	Metropolitan Transportation Planning	20.505	GCA-6790	91,189	91,189		1,2,3,4
Federal Transit Administration (fta), Department Of Transportation/WSDOT Public Transportation	New Freedom Program	20.521	GCA-6859	59,287	59,287		1,2,3,4
Maritime Administration (marad), Department Of Transportation/	America's Marine Highway Grants	20.816	DTMA1H1001 0		80,480	80,480	1,2,3,4
Research And Innovative Technology Administration, Department Of Transportation/	Transportation Planning, Research and Education	20.931	DTOS5910G0 0106		174,294	174,294	1,2,3,4
Department Of Energy/Whatcom County	ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	201001021	20,072		20,072	1,2,3,4,5
		Total Federal Awards Expended:		793,220	254,774	1,047,994	

The accompanying notes to the Schedule of Expenditures of Federal Awards is an integral part of this statement.

WHATCOM COUNCIL OF GOVERNMENTS

**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 same basis of accounting as the council's financial statements. The council 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 council's portion, may be more than shown.

NOTE 3 - INDIRECT COST RATE

The amount expended includes \$ 260,362 claimed as an indirect cost recovery using an approved indirect cost rate of 82.76%.

NOTE 4 - FRINGE BENEFIT RATE

The amount expended includes \$177,024 claimed as a fringe benefit cost recovery using an approved fringe benefit cost rate of 56.27%.

NOTE 5 - AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) of 2009

Expenditures for this program were funded by ARRA.

NOTE 6 – AMOUNTS AWARDED TO SUBRECIPIENTS

Included in the total amount expended for this program is \$19,141 that was passed through to subrecipients that administered their own projects.



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.

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.

State Auditor
Chief of Staff
Director of State and Local Audit
Deputy Director of State and Local Audit
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