



Washington State Auditor's Office

Troy Kelley

Integrity • Respect • Independence

Financial Statements and Federal Single Audit Report

Stevens County

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

Published September 29, 2014

Report No. 1012721





Washington State Auditor Troy Kelley

September 29, 2014

Board of Commissioners
Stevens County
Colville, Washington

Report on Financial Statements and Federal Single Audit

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

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

Sincerely,

TROY KELLEY
STATE AUDITOR

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Federal Summary

Stevens County January 1, 2013 through December 31, 2013

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

FINANCIAL STATEMENTS

An unmodified opinion was issued on the financial statements.

Internal Control Over Financial Reporting:

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

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

FEDERAL AWARDS

Internal Control Over Major Programs:

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

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

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

Identification of Major Programs:

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

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

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

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

Board of Commissioners
Stevens County
Colville, 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 Stevens County, Washington, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's financial statements, and have issued our report thereon dated September 22, 2014.

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

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

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

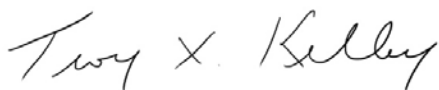
COMPLIANCE AND OTHER MATTERS

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 22, 2014

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

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

Board of Commissioners
Stevens County
Colville, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

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

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

PURPOSE OF THIS REPORT

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

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

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

TROY KELLEY
STATE AUDITOR

September 22, 2014

Independent Auditor's Report on Financial Statements

Stevens County January 1, 2013 through December 31, 2013

Board of Commissioners
Stevens County
Colville, Washington

REPORT ON THE FINANCIAL STATEMENTS

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Unmodified Opinion on Regulatory Basis of Accounting (BARS Manual)

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

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

Basis for Adverse Opinion on U.S. GAAP

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

Adverse Opinion on U.S. GAAP

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

Other Matters

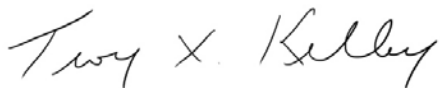
Supplementary and Other Information

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

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2014 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



TROY KELLEY
STATE AUDITOR

September 22, 2014

Financial Section

Stevens County
January 1, 2013 through December 31, 2013

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2013
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2013
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SUPPLEMENTARY AND OTHER INFORMATION

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

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2013

BARS Code		Total for All funds*	001 CURRENT EXPENSE	106 PERFORMING ARTS TOURISM ETC	107 CRIME VICTIMS AND WITNESS FUND
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	12,667,503	44,317	54,653	52,184
30880	Beg Fund Bal-Unreserved	2,145,792	1,795,935	0	0
38800/58800	Prior Period Adjustments, net	0	0	0	0
Operating Revenues					
310	Taxes	14,447,094	8,017,747	28,345	0
320	Licenses & Permits	279,228	274,613	0	0
330	Intergovernmental Revenues	13,466,440	3,580,749	0	0
340	Charges for Goods and Services	15,176,889	1,506,718	0	23,120
350	Fines & Penalties	521,616	510,731	0	0
360	Miscellaneous Revenues	3,903,968	637,541	0	0
Total Operating Revenues:		47,795,235	14,528,099	28,345	23,120
Operating Expenditures					
510	General Government	8,900,565	6,616,031	0	2,069
520	Public Safety	7,295,368	5,439,465	0	0
530	Utilities	1,556,565	0	0	0
540	Transportation	13,330,192	0	0	0
550	Natural and Economic Environment	1,270,051	779,330	0	0
560	Social Services	6,554,715	746,869	0	0
570	Culture And Recreation	379,015	265,307	19,786	0
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:		39,286,471	13,847,000	19,786	2,069
Net Operating Increase (Decrease):		8,508,764	681,097	8,559	21,051
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	220,613	3,740	0	0
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	903,180	363,666	0	0
Total Nonoperating Revenues:		1,123,793	367,407		
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	385,415	9,705	0	0
591-593	Debt Service	674,543	0	0	0
594-595	Capital Expenditures	6,583,420	382,602	0	0
597	Transfers-Out	903,180	486,232	459	30,000
Total Nonoperating Expenditures:		8,546,558	878,540	459	30,000
Increase (Decrease) in Cash and Investments		1,085,999	169,963	8,100	-8,949
Ending Cash and Investments					
50810	End Fund Bal-Reserved	13,888,605	172,389	62,754	43,234
50880	End Fund Balance-Unreserved	2,010,688	1,837,829	0	0

The accompanying notes are an integral part of this Statement.

BARS Code		110 ROAD FUND	115 PATHS AND TRAILS	122 NEW ALLIANCE COUNSELING SERVS	123 VERY LOW INCOME HOUSING
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	3,090,448	205,309	3,126,179	272,193
30880	Beg Fund Bal-Unreserved	0	0	0	0
38800/58800	Prior Period Adjustments, net	0	0	0	0
Operating Revenues					
310	Taxes	5,123,662	0	215,623	0
320	Licenses & Permits	4,615	0	0	0
330	Intergovernmental Revenues	8,499,423	18,238	781,871	0
340	Charges for Goods and Services	24,535	0	4,878,175	280,831
350	Fines & Penalties	0	0	0	0
360	Miscellaneous Revenues	19,341	0	215,736	0
Total Operating Revenues:		13,671,577	18,238	6,091,405	280,831
Operating Expenditures					
510	General Government	23,930	0	0	0
520	Public Safety	0	0	0	0
530	Utilities	0	0	0	0
540	Transportation	8,690,598	0	0	0
550	Natural and Economic Environment	0	0	202,097	19,944
560	Social Services	0	0	5,653,027	106,043
570	Culture And Recreation	0	0	0	0
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:		8,714,529		5,855,123	125,987
Net Operating Increase (Decrease):		4,957,049	18,238	236,281	154,844
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	65	0	31,322	0
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	0	0	0	0
Total Nonoperating Revenues:		65		31,322	
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	49	0	62,059	0
591-593	Debt Service	0	0	0	0
594-595	Capital Expenditures	4,127,598	0	49,196	0
597	Transfers-Out	0	0	18,774	77,273
Total Nonoperating Expenditures:		4,127,647		130,029	77,273
Increase (Decrease) in Cash and Investments		829,467	18,238	137,574	77,571
Ending Cash and Investments					
50810	End Fund Bal-Reserved	3,919,915	223,547	3,263,754	349,765
50880	End Fund Balance-Unreserved	0	0	0	0

The accompanying notes are an integral part of this Statement.

BARS Code		124 VETERANS RELIEF FUND	125 LAW LIBRARY	126 AUDITORS O&M FUND	127 ELECTIONS
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	43,557	39,105	89,307	0
30880	Beg Fund Bal-Unreserved	0	0	0	33,195
38800/58800	Prior Period Adjustments, net	0	0	0	0
Operating Revenues					
310	Taxes	42,415	0	0	0
320	Licenses & Permits	0	0	0	0
330	Intergovernmental Revenues	0	0	60,634	0
340	Charges for Goods and Services	0	11,042	30,497	113,317
350	Fines & Penalties	0	0	0	0
360	Miscellaneous Revenues	121	0	0	0
Total Operating Revenues:		42,536	11,042	91,131	113,317
Operating Expenditures					
510	General Government	0	0	54,327	264,819
520	Public Safety	0	0	0	0
530	Utilities	0	0	0	0
540	Transportation	0	0	0	0
550	Natural and Economic Environment	0	0	0	0
560	Social Services	48,777	0	0	0
570	Culture And Recreation	0	17,721	0	0
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:		48,777	17,721	54,327	264,819
Net Operating Increase (Decrease):		-6,241	-6,679	36,804	-151,502
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	0	0	0	0
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	0	0	0	175,000
Total Nonoperating Revenues:					175,000
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	0	0	0	0
591-593	Debt Service	0	0	0	0
594-595	Capital Expenditures	0	0	0	0
597	Transfers-Out	0	0	30,000	0
Total Nonoperating Expenditures:				30,000	
Increase (Decrease) in Cash and Investments		-6,241	-6,679	6,804	23,498
Ending Cash and Investments					
50810	End Fund Bal-Reserved	37,316	32,426	96,111	0
50880	End Fund Balance-Unreserved	0	0	0	56,693

The accompanying notes are an integral part of this Statement.

BARS Code		128 NORTHEAST WASHINGTON FAIR	129 TREASURERS O&M	130 WEED CONTROL	132 WRIA 59
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	5,870	49,342	256,478	26,905
30880	Beg Fund Bal-Unreserved	0	0	0	0
38800/58800	Prior Period Adjustments, net	0	0	0	0
Operating Revenues					
310	Taxes	0	0	0	0
320	Licenses & Permits	0	0	0	0
330	Intergovernmental Revenues	33,707	0	668	0
340	Charges for Goods and Services	35,016	50,640	5,060	0
350	Fines & Penalties	0	0	0	0
360	Miscellaneous Revenues	6,096	0	271,105	0
Total Operating Revenues:		74,819	50,640	276,832	
Operating Expenditures					
510	General Government	0	33,268	0	0
520	Public Safety	0	0	0	0
530	Utilities	0	0	0	0
540	Transportation	0	0	0	0
550	Natural and Economic Environment	0	0	188,701	0
560	Social Services	0	0	0	0
570	Culture And Recreation	76,201	0	0	0
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:		76,201	33,268	188,701	
Net Operating Increase (Decrease):		-1,382	17,372	88,132	0
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	6,250	393	4	0
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	0	0	0	0
Total Nonoperating Revenues:		6,250	393	4	
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	6,250	393	4	0
591-593	Debt Service	0	0	0	0
594-595	Capital Expenditures	0	0	0	0
597	Transfers-Out	0	22,455	0	26,905
Total Nonoperating Expenditures:		6,250	22,848	4	26,905
Increase (Decrease) in Cash and Investments		-1,382	-5,083	88,132	-26,905
Ending Cash and Investments					
50810	End Fund Bal-Reserved	4,488	44,259	344,610	0
50880	End Fund Balance-Unreserved	0	0	0	0

The accompanying notes are an integral part of this Statement.

BARS Code		133 FAMILY LAW COURT FACILITATOR	134 LL MANAGEMENT DISTRICT 1-2003	135 LITTLE PO LK MNGT DIST 1- 2004	136 LOON LAKE MNGT DIST 2- 2008
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	14,205	512	115	-34,773
30880	Beg Fund Bal-Unreserved	0	0	0	0
38800/58800	Prior Period Adjustments, net	0	0	0	0
Operating Revenues					
310	Taxes	0	0	0	0
320	Licenses & Permits	0	0	0	0
330	Intergovernmental Revenues	0	0	0	0
340	Charges for Goods and Services	6,452	0	0	0
350	Fines & Penalties	0	0	0	245
360	Miscellaneous Revenues	0	0	0	44,241
Total Operating Revenues:		6,452			44,486
Operating Expenditures					
510	General Government	5,407	0	0	0
520	Public Safety	0	0	0	0
530	Utilities	0	0	0	0
540	Transportation	0	0	0	0
550	Natural and Economic Environment	0	512	115	8,467
560	Social Services	0	0	0	0
570	Culture And Recreation	0	0	0	0
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:		5,407	512	115	8,467
Net Operating Increase (Decrease):		1,045	-512	-115	36,019
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	0	0	0	0
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	0	0	0	0
Total Nonoperating Revenues:					
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	0	0	0	0
591-593	Debt Service	0	0	0	760
594-595	Capital Expenditures	0	0	0	0
597	Transfers-Out	0	0	0	0
Total Nonoperating Expenditures:					760
Increase (Decrease) in Cash and Investments		1,045	-512	-115	35,259
Ending Cash and Investments					
50810	End Fund Bal-Reserved	15,250	0	0	486
50880	End Fund Balance-Unreserved	0	0	0	0

The accompanying notes are an integral part of this Statement.

BARS Code		137 LITTLE PO LK MNGT DIST 1- 2008	138 DEER LAKE MNGT DIST #1- 2011	140 DRUG INVESTIGATION FUND	141 SHERIFF STATE DRUG FORFEITURE
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	2,918	13,479	146,426	30,952
30880	Beg Fund Bal-Unreserved	0	0	0	0
38800/58800	Prior Period Adjustments, net	0	0	0	0
Operating Revenues					
310	Taxes	0	0	0	0
320	Licenses & Permits	0	0	0	0
330	Intergovernmental Revenues	10,000	0	0	0
340	Charges for Goods and Services	0	0	0	0
350	Fines & Penalties	14	130	10,497	0
360	Miscellaneous Revenues	12,714	30,005	0	4,140
Total Operating Revenues:		22,728	30,134	10,497	4,140
Operating Expenditures					
510	General Government	0	0	0	0
520	Public Safety	0	0	2,310	0
530	Utilities	0	0	0	0
540	Transportation	0	0	0	0
550	Natural and Economic Environment	13,093	27,759	0	0
560	Social Services	0	0	0	0
570	Culture And Recreation	0	0	0	0
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:		13,093	27,759	2,310	
Net Operating Increase (Decrease):		9,635	2,375	8,187	4,140
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	0	0	0	376
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	0	0	0	0
Total Nonoperating Revenues:					376
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	0	0	0	0
591-593	Debt Service	0	0	0	0
594-595	Capital Expenditures	0	0	0	0
597	Transfers-Out	0	0	0	0
Total Nonoperating Expenditures:					
Increase (Decrease) in Cash and Investments		9,635	2,375	8,187	4,516
Ending Cash and Investments					
50810	End Fund Bal-Reserved	12,552	15,854	154,613	35,468
50880	End Fund Balance-Unreserved	0	0	0	0

The accompanying notes are an integral part of this Statement.

BARS Code		142 SHERIFF FEDERAL DRUG FORFEITUR	145 EMERGENCY COMMUNICATIO NS	150 INMATE WELFARE FUND	160 TRIAL COURT IMPROVEMENT FUND
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	54,376	119,064	1,812	50,362
30880	Beg Fund Bal-Unreserved	0	0	0	0
38800/58800	Prior Period Adjustments, net	0	0	0	0
Operating Revenues					
310	Taxes	0	364,403	0	0
320	Licenses & Permits	0	0	0	0
330	Intergovernmental Revenues	0	178,807	0	23,996
340	Charges for Goods and Services	0	556,015	4,530	0
350	Fines & Penalties	0	0	0	0
360	Miscellaneous Revenues	14	26,047	3,161	0
Total Operating Revenues:		14	1,125,273	7,691	23,996
Operating Expenditures					
510	General Government	0	0	0	15,251
520	Public Safety	0	1,159,158	6,593	0
530	Utilities	0	0	0	0
540	Transportation	0	0	0	0
550	Natural and Economic Environment	0	0	0	0
560	Social Services	0	0	0	0
570	Culture And Recreation	0	0	0	0
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:			1,159,158	6,593	15,251
Net Operating Increase (Decrease):		14	-33,886	1,098	8,745
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	0	510	233	0
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	0	0	0	0
Total Nonoperating Revenues:			510	233	
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	0	510	233	0
591-593	Debt Service	0	0	0	0
594-595	Capital Expenditures	0	0	0	0
597	Transfers-Out	0	0	0	0
Total Nonoperating Expenditures:			510	233	
Increase (Decrease) in Cash and Investments		14	-33,886	1,098	8,745
Ending Cash and Investments					
50810	End Fund Bal-Reserved	54,390	85,179	2,910	59,107
50880	End Fund Balance-Unreserved	0	0	0	0

The accompanying notes are an integral part of this Statement.

BARS Code		165 REET ELECTRONIC TECHNOLOGY	201 CURRENT EXPENSE GO BOND	305 GENERAL CAPITAL PROJECTS FUND	306 PUBLIC FACILITIES (REF 49)
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	34,165	262,080	197,503	474,541
30880	Beg Fund Bal-Unreserved	0	0	0	0
38800/58800	Prior Period Adjustments, net	0	0	0	0
Operating Revenues					
310	Taxes	0	0	286,071	368,829
320	Licenses & Permits	0	0	0	0
330	Intergovernmental Revenues	0	0	0	0
340	Charges for Goods and Services	0	0	0	0
350	Fines & Penalties	0	0	0	0
360	Miscellaneous Revenues	0	32	0	0
Total Operating Revenues:			32	286,071	368,829
Operating Expenditures					
510	General Government	2,297	0	30,427	0
520	Public Safety	0	0	0	0
530	Utilities	0	0	0	0
540	Transportation	0	0	0	0
550	Natural and Economic Environment	0	0	0	30,034
560	Social Services	0	0	0	0
570	Culture And Recreation	0	0	0	0
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:		2,297		30,427	30,034
Net Operating Increase (Decrease):		-2,297	32	255,644	338,795
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	0	0	0	0
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	0	364,513	0	0
Total Nonoperating Revenues:			364,513		
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	0	0	0	0
591-593	Debt Service	0	506,809	0	0
594-595	Capital Expenditures	0	0	110,455	92,282
597	Transfers-Out	0	0	0	176,575
Total Nonoperating Expenditures:			506,809	110,455	268,857
Increase (Decrease) in Cash and Investments		-2,297	-142,264	145,189	69,938
Ending Cash and Investments					
50810	End Fund Bal-Reserved	31,868	119,817	342,692	544,479
50880	End Fund Balance-Unreserved	0	0	0	0

The accompanying notes are an integral part of this Statement.

BARS Code		405 SHERIFFS AMBULANCE FUND	410 SOLID WASTE	501 EQUIPMENT RENTAL & REVOLV FUND	510 INFORMATION SERVICES
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	347,606	3,295,936	0	0
30880	Beg Fund Bal-Unreserved	0	0	337,999	-26,014
38800/58800	Prior Period Adjustments, net	0	0	0	0
Operating Revenues					
310	Taxes	0	0	0	0
320	Licenses & Permits	0	0	0	0
330	Intergovernmental Revenues	17,003	261,343	0	0
340	Charges for Goods and Services	659,088	1,675,249	2,942,100	1,633,699
350	Fines & Penalties	0	0	0	0
360	Miscellaneous Revenues	17,271	144,296	2,461,703	10,404
Total Operating Revenues:		693,363	2,080,888	5,403,802	1,644,102
Operating Expenditures					
510	General Government	0	0	0	1,168,646
520	Public Safety	687,843	0	0	0
530	Utilities	0	1,556,565	0	0
540	Transportation	0	0	4,639,593	0
550	Natural and Economic Environment	0	0	0	0
560	Social Services	0	0	0	0
570	Culture And Recreation	0	0	0	0
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:		687,843	1,556,565	4,639,593	1,168,646
Net Operating Increase (Decrease):		5,519	524,323	764,209	475,457
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	12,174	59,372	92,353	0
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	0	0	0	0
Total Nonoperating Revenues:		12,174	59,372	92,353	
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	12,205	2,174	278,013	0
591-593	Debt Service	0	146,141	20,834	0
594-595	Capital Expenditures	0	592,297	791,022	437,968
597	Transfers-Out	34,507	0	0	0
Total Nonoperating Expenditures:		46,712	740,612	1,089,869	437,968
Increase (Decrease) in Cash and Investments		-29,019	-156,917	-233,306	37,489
Ending Cash and Investments					
50810	End Fund Bal-Reserved	318,589	3,139,018	0	0
50880	End Fund Balance-Unreserved	0	0	104,692	11,475

The accompanying notes are an integral part of this Statement.

BARS Code		520 INSURANCE SERVICE FUND
Beginning Cash and Investments		
30810	Beg Fund Bal-Reserved	300,377
30880	Beg Fund Bal-Unreserved	4,678
38800/58800	Prior Period Adjustments, net	0
Operating Revenues		
310	Taxes	0
320	Licenses & Permits	0
330	Intergovernmental Revenues	0
340	Charges for Goods and Services	740,806
350	Fines & Penalties	0
360	Miscellaneous Revenues	0
Total Operating Revenues:		740,806
Operating Expenditures		
510	General Government	684,094
520	Public Safety	0
530	Utilities	0
540	Transportation	0
550	Natural and Economic Environment	0
560	Social Services	0
570	Culture And Recreation	0
598	Intergovernmental Payments	0
Total Operating Expenditures:		684,094
Net Operating Increase (Decrease):		56,712
Nonoperating Revenues		
370, 380, 395, 398	Other Financing Sources	13,820
391-393	Debt Proceeds	0
397	Transfers-In	0
Total Nonoperating Revenues:		13,820
Nonoperating Expenditures		
580, 596, 599	Other Financing Uses	13,820
591-593	Debt Service	0
594-595	Capital Expenditures	0
597	Transfers-Out	0
Total Nonoperating Expenditures:		13,820
Increase (Decrease) in Cash and Investments		56,712
Ending Cash and Investments		
50810	End Fund Bal-Reserved	361,766
50880	End Fund Balance-Unreserved	0

The accompanying notes are an integral part of this Statement.

FIDUCIARY FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2013

BARS Code		Total for All funds	621 NEWACS TRUST	631 COUNTY TAX REFUND	675 CITY REMITTANCE
308	Beginning Cash and Investments	569,195	133,922	16	9,059
388 and 588	Prior Period Adjustments, net	43,223	41,872	0	0
310-360	Revenues	-12	26	0	0
380-390	Other Increases and Financing Sources	18,978,597	5,268,606	0	1,751,216
510-570	Expenditures	0	0	0	0
580-590	Other Decreases and Financing Uses	18,955,390	5,187,643	0	1,750,560
Increase (Decrease) in Cash and Investments		23,195	80,989	0	656
508	Ending Cash and Investments	635,613	256,783	16	9,715

BARS Code		695 ADVANCE TAXES	697 STATE REMITTANCE FUND	698 TAX COLLECTION SUSPENSE	699 TREASURERS TRUST FUND
308	Beginning Cash and Investments	0	119,702	13,926	292,569
388 and 588	Prior Period Adjustments, net	1,351	0	0	0
310-360	Revenues	0	0	-38	0
380-390	Other Increases and Financing Sources	-773	11,892,878	-3,047	69,717
510-570	Expenditures	0	0	0	0
580-590	Other Decreases and Financing Uses	0	11,896,040	64	121,082
Increase (Decrease) in Cash and Investments		-773	-3,162	-3,149	-51,365
508	Ending Cash and Investments	578	116,539	10,777	241,204

The accompanying notes are an integral part of this Statement.

STEVENS COUNTY

NOTES TO FINANCIAL STATEMENTS January 1, 2013 to December 31, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Stevens County 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 authority of Washington State law, Chapter 43.09 RCW.

Stevens County was incorporated on January 20, 1863 from Walla Walla County, with the boundaries lying west of the present county and operates under the laws of the state of Washington applicable to a county government. Stevens County was named after Issac Stevens, Washington's first territorial governor. At the time Stevens County consisted of most of Eastern Washington making it one of Washington's largest counties. On January 19, 1864 the County of Spokane was annexed from Stevens County by the Legislative Assembly of the Territory of Washington. The County is a general-purpose government and provides the following services to its constituents: general-purpose government, security of persons and property, physical environment, transportation, economic development, mental and physical health and culture and recreation and is supported primarily through local taxes, federal and state resources, fines and fees for services. The County uses single-entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

a. Fund Accounting

The accounts of the County 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'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 County:

GOVERNMENTAL FUND TYPES:

General (Current Expense) Fund

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

Special Revenue Funds

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

Debt Service Funds

These funds account for specific revenues 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 Revenue Funds

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

FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by Stevens County in a trustee capacity or as an agent on behalf of others. Stevens County has no Private-Purpose trust funds.

Agency Funds

These funds are used to account assets that the County 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 expenditure are recognized when paid, including those properly chargeable against the report year(s) budget appropriations as required by state law.

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

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 adopts annual appropriated budgets for all funds presented on statement C-4. These budgets are appropriated at the fund level (except the general (current expense) fund, where budget is adopted at the department level). The budget constitutes the legal authority for expenditures at that level. Annual appropriations for those 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 follows:

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance Under (Over)
Current Expense:			
Gen. Gov.	\$2,516,126	\$2,393,667	\$ 122,459
Accum. Emp. Sev.	70,000	63,589	6,411
Assessor	894,950	892,210	2,740
Auditor	625,000	610,667	14,333
CASA	164,000	155,054	8,946
Clerk – S.C.	338,500	322,605	15,895
Commissioners	397,000	395,569	1,431
Coroner	180,000	167,440	12,560
District Court	577,500	564,394	13,106
WSU Extension	163,500	115,219	48,281
Facilities	427,500	412,104	15,396
Fairgrounds Facilities	164,000	151,049	12,951
Juvenile	992,300	835,368	156,932
LEOFF Retirement	149,000	105,503	43,497
Land Service	579,400	564,650	14,750
Prosecuting Attorney	1,283,000	1,220,366	62,634
Sheriff	3,656,000	3,465,045	190,955
Sheriff Emg. Services	303,103	223,103	80,000
Sheriff Jail	1,167,000	1,125,480	41,520
Superior Court	580,500	574,598	5,902
Treasurer	<u>395,344</u>	<u>367,860</u>	<u>27,484</u>
Total Current Expense	15,623,723	14,725,540	898,183
Performing Arts	67,653	20,245	47,408
Crime Victims	87,184	32,069	55,115
Road	15,340,900	12,842,176	2,498,724
Paths & Trails	223,308	-	223,308
NEW Alliance C.S.	5,984,953	5,985,152	(199)
Low-Income Housing	512,193	203,260	308,933
Veterans Relief	83,556	48,777	34,779
Law Library	52,105	17,721	34,384
Auditor O&M	177,306	84,327	92,979
Elections	323,196	264,819	58,377
N.E.W. Fair	85,870	82,451	3,419
Treasurer's O&M	87,342	56,116	31,226
Weed Control	226,852	188,705	38,147
WRIA 59	26,905	26,905	0
Family Law Court	20,805	5,407	15,398
Loon .Lake L. M. 1-2003	511	511	0
Little P.O. L. M. 1-2004	115	115	0
Loon Lake L. M. 2-2008	9,227	9,227	0
Little P. O. L. M. 1-2008	17,917	13,093	4,824
Deer Lake L. M. 1-2011	43,479	27,759	15,720
Drug Investigation	161,426	2,310	159,116
State Drug Forfeiture	45,952	-	45,952
Federal Drug Forfeiture	54,376	-	54,376
Emergency Comm.-911	1,306,674	1,159,668	147,006
Inmate Welfare	11,812	6,826	4,986
Trial Court Improvement	74,362	15,251	59,111
REET Electronic Technology	34,165	2,297	31,868
C.E. G.O. Bond	607,480	506,809	100,671
Capital Projects	472,503	140,883	331,620
Public Facilities	794,541	298,891	495,650
Sheriff's Ambulance	939,330	734,555	204,775
Solid Waste - 1	2,860,666	2,297,178	563,488
Equipment Rental - 2	5,873,030	5,729,462	143,568
Informational Service	1,984,886	1,606,615	378,271
Insurance Service	<u>772,260</u>	<u>697,915</u>	<u>74,345</u>
Totals	<u>\$54,988,563</u>	<u>\$47,833,035</u>	<u>\$ 7,155,528</u>

1. Reduced budget and actual due to elimination of transfer between Solid Waste, Landfill Closure and Landfill Post-Closure.
2. Reduced budget and by elimination of internal non-revenue and non-expenditures of payroll and benefits.

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 legislative body.

d. Cash

It is the County's policy to invest all temporary cash surpluses. The amount is included in the cash and investments shown on the statement of fund resources and users arising from cash transactions. The interest on these investments is prorated to the various funds.

e. Deposits

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

f. Investments – See Note 3 - Investments.

g. Derivatives and Similar Transactions

The County does not make any such transactions.

h. Capital Assets

Capital assets are long-lived assets of the County and are recorded as expenditures when purchased.

i. Compensated Absences

Vacation leave may be accumulated up to 30 days and is payable upon separation or retirement.

Sick leave may be accumulated up to 150 working days. Upon retirement or death, not separation, an employee will be compensated for up to 24 days of unused sick leave. Certain employment contracts for department heads have additional provisions based on the type of termination.

j. Long-Term Debt See Note 6 – Debt Service Requirements

k. Other Financing Sources and Uses

The County's Other Financing Sources and Uses consist of:

	<u>Source</u>	<u>Use</u>
To Current Expense from:		
Public Facilities (.09)	176,575	
Commissioners	77,273	
Auditor's O&M	30,000	
Crime Victims	30,000	
Treasurer's O&M	22,455	
Performing Arts & Tourism	459	
WRIA 59	<u>26,905</u>	
Total Current Expense Sources	\$ <u>363,667</u>	
From Current Expense to:		
G.O. Bond		\$ 311,232
Elections		<u>175,000</u>
Total Current Expense Use		\$ <u>486,232</u>
From Performing Arts & Tourism to Current Expense		\$ <u>459</u>
From Crime Victims to Current Expense		\$ <u>30,000</u>
From Paths & Trails Reserve to Road		
From NEW Alliance Counseling Services to G.O. Bond		\$ <u>18,774</u>
From Auditor's O&M to Current Expense		\$ <u>30,000</u>
To Elections from Current Expense	\$ <u>175,000</u>	
From Treasurer's O&M to Current Expense		\$ <u>22,455</u>
From WRIA 59		\$ <u>26,905</u>
To G.O. Bond from:		
Current Expense	\$ 311,232	
Sheriff Ambulance	34,507	
NEW Alliance Counseling Service	<u>18,774</u>	
Total G.O. Bond Sources	\$ <u>364,513</u>	
From Public Facilities (.09) to Current Expense		\$ <u>176,575</u>
From Sheriff Ambulance to G.O. Bond		\$ <u>34,507</u>
To Closure Fund from Solid Waste	\$ 50,138	
To Post-Closure Fund from Solid Waste	43,083	
From Solid Waste to Closure Fund		\$ 50,138
From Solid Waste to Post-Closure Fund	<u> </u>	<u>43,083</u>
Subtotal	93,221	93,221
Solid Waste transfers eliminated do to consolidation		
of Closure and Post-closure into Solid Waste	(93,221)	(93,221)
Net amount of Transfers In and Out in Solid Waste	\$ <u>0</u>	\$ <u>0</u>

l. Risk Management See Note 10.

m. Reserved Fund Balance

The beginning and ending reserved balance in the Current Expense Fund (001-000-000) consist of:

State Vessel Registration fees that are dedicated to boating law enforcement that have been received, but not spent as of December 31, 2012 and December 31, 2013 in the amount of \$44,417 and \$57,889

Reserve of \$114,500 on December 31, 2013 to prepare for the deputy sheriffs currently working under a three-year federal grant that began in 2013 that are required to be county funded in the year 2016.

The ending reserve in N.E.W. Alliance Counseling Services Fund (122-000-010) includes the advanced working capital provided by the Federal Government.

The beginning and ending reserved balance in the Insurance Service Fund reflects the unspent portion of funds collected to cover self-insured unemployment costs.

The remaining reserved amounts in each fund represents the amounts that are reserved for the specific purpose of the individual fund.

The Solid Waste beginning and ending restricted cash include the funds held solely for the closure and post-closure of the current landfill site and their use is restricted solely for those two purposes. The Solid Waste Fund 410, Landfill Closure 412 and Landfill Post Closure have been combined together in the C-4 financial statement. The 2013 activity of the Closure and Post-Closure portion of the Solid Waste Fund is as follows:

	<u>Closure</u>	<u>Post-Closure</u>	<u>Total</u>
Beginning Cash	\$1,626,391	\$770,488	\$2,396,879
Investment Income	32,708	1,130	33,838
Transfers from S.W.	<u>50,138</u>	<u>43,083</u>	<u>93,221</u>
Ending Cash	<u>\$1,709,237</u>	<u>\$ 814,701</u>	<u>\$2,523,938</u>

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions.

NOTE 3 – INVESTMENTS

The County's investments are either insured and registered or held by the County or its agent in the County's name. Investments are presented by type at cost, per County policy. Investments at December 31, 2013 were held as follows:

<u>Type of Investment</u>	<u>County's Own investments</u>	<u>Investments held by county as an agent for other local governments</u>	<u>Total</u>
L.G.I.P.	\$ 3,663,066	\$ 20,538,481	\$ 24,201,547
Key Bank	<u>3,887,732</u>	<u>1,085,181</u>	<u>4,972,913</u>
Totals	\$ <u>7,550,798</u>	\$ <u>21,623,662</u>	\$ <u>29,174,460</u>

Funds not invested with Washington State Investment Pool (WSIP) are normally held in interest-bearing checking accounts, as money market funds or in long-term investments through U.S. Bank.

NOTE 4 - PROPERTY TAXES

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

Total for both the County and Road levies can not exceed \$4.05 per \$1,000 of assessed value. No other taxing district within the County could have its levy reduced as a result of the increased levy.

Stevens County's regular tax levy rate for 2013 was \$1.581020 per \$1,000 on an assessed valuation of \$3,608,273,035 for a total Current Expense levy of \$5,704,752. This includes a levy shift from Road to Current Expense in the amount of \$354,350.

The County is also authorized up to \$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 (see additional limitation of \$4.05 combined levy).

The County road levy for 2013 was \$1.645634 per \$1,000 of an assessed valuation of \$2,950,631,897 for a total Road levy of \$4,855,660. This net amount reflects a levy shift from Road to Current Expense in the amount of \$354,350.

NOTE 5 – INTERFUND LOANS AND ADVANCES

There were no Interfund loans within County Funds in 2013. There was a loan in May of 2012 to the Mary Walker School District in the amount of \$1,184,000 to re-finance an existing bond. \$48,000 has been repaid, leaving an outstanding balance of \$1,136,000. One-half of the annual interest is paid on June 1st and December 1st and principal is paid on December of each year. The remaining annual County collections will be as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$173,000	\$ 15,233	\$188,233
2015	179,000	13,849	192,849
2016	185,000	12,041	197,041
2017	191,000	9,858	200,858
2018	201,000	7,127	208,127
2019	<u>207,000</u>	<u>3,871</u>	<u>210,871</u>
Totals	<u>\$1,136,000</u>	<u>\$ 61,979</u>	<u>\$ 1,197,979</u>

NOTE 6 – LONG-TERM LIABILITIES

The accompanying Schedule of Long-term Liabilities (09) provides a listing of the outstanding debt of the County. The future debt service requirements, including interest are as follows:

<u>Year</u>	<u>G.O. Bonds</u>	<u>S.W. P.W.T.F</u>	<u>State Treasurer Contract</u>	<u>Fish Hatchery</u>	<u>Total</u>
2014	475,431	145,456	36,275	10,389	667,551
2015	474,831	144,769	35,825	10,389	665,634
2016	478,632	144,083	35,300	10,389	668,404
2017	34,507	143,397	39,700	10,389	227,993
2018-22	<u>115,024</u>	706,695	190,300	51,945	1,063,964
2023-27		<u>415,784</u>	192,250	51,945	659,979
2028-33			<u>189,450</u>	<u>62,337</u>	<u>251,787</u>
Totals	<u>\$ 1,578,425</u>	<u>\$1,700,184</u>	<u>\$ 719,100</u>	<u>\$ 207,783</u>	<u>\$ 4,205,942</u>

Summary of the outstanding G.O. Bond principal and interest is as follows:

<u>Purpose of G.O. Bond</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total</u>
2004 – Bank of America – Ambulance	<u>\$207,853</u>	<u>\$45,197</u>	<u>\$253,050</u>
2005 – Martin Hall – Stevens County	\$348,571	\$30,107	\$378,678
2005 – Martin Hall – Other Counties	<u>871,429</u>	<u>75,268</u>	<u>946,697</u>
2005 Total Issue	<u>\$1,220,000</u>	<u>\$105,375</u>	<u>\$1,325,375</u>
Total G.O. Bond	\$ 1,427,853	\$ 150,572	\$ 1,578,425
2007 – S.W. Public Works Trust loan	\$ 1,646,667	\$ 53,517	\$ 1,700,184
2012 – Commissioner’s Building	\$ 470,000	\$ 249,100	\$ 719,100
2013 – Fish Hatchery Complex	<u>\$ 149,000</u>	<u>\$ 58,783</u>	<u>\$ 207,783</u>
Total County Debt	<u>\$ 3,485,520</u>	<u>\$ 511,972</u>	<u>\$ 4,205,492</u>

The Martin Hall Bond was refinanced in 2005. The other county portion of Martin Hall, a juvenile detention facility, is secured by mini-bonds due to Stevens County from the other county partners. The 1995 bond issue funded by Solid Waste was refinanced in 2005.

In April, 2005 the Solid Waste Fund secured a Public Works Trust Fund loan in the amount of \$2,600,000 for the opening of a new sanitary landfill cell and the closure of the present landfill cell. Interest at one-half percent (1/2%) per annum is due beginning July 1, 2006. Annual principal and interest payments began July 1, 2007. On December 31, 2012 the principal balance was \$1,783,889 and the remaining interest due was \$62,436.

In December, 2011 the County purchased land and buildings adjacent to the Courthouse for \$600,000. A \$55,000 down payment was made at closing and in August of 2012 the contract to Avista was paid off. \$485,000 was borrowed through a bonding program administered by the Washington State Treasurer at a stated rate of interest of 3.14743%.

In June, 2013 the County re-purchased a fish hatchery and land originally given to the State of Washington. The interest rate is 3.00 %. The debt is intended to be paid by the sale of fish to the State of Washington, Department of Fish & Wildlife. The fish are being produced through a educational program called Washington for Wildlife, a 501c(4) federal non-profit organization. High School students from area high schools are trained to raise and care for the fish, which are then sold to the Department of Fish & Wildlife for distribution into Washington lakes. The debt schedule above is the back-up payment plan if the fish production is insufficient to make the debt service.

The dollar value of compensated absences is calculated based on the December 31, 2013 hourly pay rates and balances of available vacation and compensated time for each fund.

The DSHS Advance is a working capital advance to N.E.W. Alliance Counseling Center by the Federal Government for the treatment of qualifying patients. The outstanding balance on December 31, 2013 is \$133,050.

See Note 8 for Landfill Closure and Post-Closure costs.

NOTE 7 – RETIREMENT PLANS

Substantially all Stevens County full-time and qualifying part-time employees participate in one of the five (LEOFF I, LEOFF II, PERS I, PERS II and PERS III) statewide local government retirement systems administered by the 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 County's financial statements. Contributions to the system by both the employee and the county are based upon the gross wages covered by the 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, P.O. Box 48380, Olympia, WA 98504-8380.

NOTE 8 – OTHER DISCLOSURES

PRIOR-PERIOD ADJUSTMENTS

During the course of the 2013 financial statement preparation the County discovered two adjustments that occurred in the prior year, both reflected on the C-5 Statement. The first was the Advance Taxes Fund was not reported in the 2012 financial statement. The 2013 beginning balance in the fund of \$1,351 is reflected as a prior period adjustment in 2013. The second was the N.E.W. Alliance Trust Fund that in 2012 reported activity based on the bank statement balance and not the book balance the net adjustment reported in 2013 was \$41,872.

OPEB

The County has a commitment to pay for post employment benefits for employees that belong to LEOFF 1. These benefits include medical, vision, dental and nursing care, etc. Nine retirees received benefits during the year and \$ 128,282 was paid out for those benefits during the year. During 2013 one of them continued to reside in a nursing care facility at a cost of \$5,750 per month until his death in late 2013.

DEFERRED COMPENSATION

The county offers its employees four deferred compensation plans created in accordance with Internal Revenue Code Section 457. The two most common plans are administered by Greenco Services, who represents Lincoln Mutual and Valic Investments. The plans are available to eligible employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, qualifying emergency or to their estate upon the death of the employee. Stevens County also has a plan with Nationwide Retirement Solutions by agreement with NACO and the State of Washington.

RISK MANAGEMENT

Stevens County is a member of the Washington Rural Counties Insurance Pool. Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The pool was formed on September 1, 1998, when three counties in the State of Washington joined together by signing an Interlocal Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. Eight counties have joined the program.

The program provides the following forms of joint self-insurance and reinsurance coverage for its members: Property, including Automobile Comprehensive and Collision, Equipment Breakdown and Crime Protection; and Liability, including General, Automobile, and Wrongful Acts, are included to fit members' various needs.

The program acquires liability insurance through their Administrator, Canfield. Liability coverage is purchased to an aggregate limit of \$45,000,000 with a self-insured retention of \$50,000. Members are responsible for the first \$1,000 to \$5,000 deductible for each claim, while the program is responsible for the \$50,000 self-insured retention. Since the program is a cooperative program, there is a joint liability among the participating members towards the sharing of the \$50,000 self-insured retention. The program also purchases a Stop Loss Policy with a limit of \$719,754 to cap the total claims paid by the program in any one year.

Property insurance is subject to a per-occurrence self insured retention of \$25,000. Members are responsible for the first \$1,000 to \$5,000 per occurrence deductible. The program bears the \$25,000 self insured retention in addition to the deductible.

Equipment breakdown insurance is subject to a per-occurrence deductible of \$2,500, (\$5,000 for sewer plants). Members are responsible for the full deductible amount of each claim. There is no program self insured retention on this coverage.

Members contract to remain in the program for a minimum of one year, and must give notice before December 31 before terminating participation the following September 1. The Interlocal Governmental Agreement is renewed automatically each year. Even after termination, a member remains responsible for contributions to the program for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Governmental Agreement.

The program is funded by its member participants. Claims are filed by members with Canfield, which has been contracted to perform program administration, claims adjustment and administration, and loss prevention for the program. Fees paid to the third party administrator under this arrangement for the year ended August 31, 2013 were \$510,118.92

The program is governed by an eight-member Board of Directors elected by each member's designated voting representative. It is felt the individual counties are best able to select their own representatives to manage their insurance association. The program has no employees, but has contracted with Canfield to perform the daily administration of the pool, including account education, risk management and loss control, and claims administration.

Stevens County maintains insurance against most normal hazards. Certain departments within the county self-insure the physical damage on their fleet vehicles. However, there are provisions in the policy to cover catastrophic losses should a large group of vehicles and inland marine equipment be lost.

Stevens County, through the Insurance Service Fund, reimburses the State of Washington for all allowable unemployment claims paid out to eligible former employees. The amount disbursed in 2013 for unemployment claims was \$38,396. In 2013, \$110,751, representing 1% of each department's payroll, was collected by the Insurance Service Fund. On December 31, 2013 an accumulated reserve for future claims amounted to \$372,732. The entire fund balance of the Insurance Service fund, including the unemployment reserve is \$361,766. There is \$13,443 in other claims pay-outs that will be recovered from the County Departments in 2014

CLAIMS AND JUDGMENTS

The County has no other outstanding claims or judgments.

CONTINGENCIES AND LITIGATION

In the opinion of management, the county's insurance policies are adequate to pay all known or pending claims except one superior court case presently under way that could result in a penalty between \$1,820 and \$36,400 for an improper response to a public records request by a convicted felon. The case is presently inactive due to a lack of action by the claimant.

The county participates in a number of federal and state assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under terms of the grants. County management believes that such disallowances, if any will be immaterial.

LANDFILL CLOSURE AND POST-CLOSURE ESTIMATES

Based on the engineering firm's estimate, the County has the following liabilities associated with the closure of its landfills. These amounts were updated to 2013 dollars are:

Closure costs of present operating landfill	10.8 million
Post-closure costs	<u>9.0 million</u>
Total	<u>\$19.8 million</u>

SUBSEQUENT EVENTS

On February 24, 2014 the County received an invoice from the State of Washington Department of Retirement System for an audit adjustment of \$137,300.10 claiming that a PERS 1 retiree was not properly reported to them and they are seeking the return of all retirement funds paid to him. The County's insurance provider has retained legal counsel and the County currently objects to the audit assessment and is refusing to pay at this time.

Schedule of Liabilities
For the year ended December 31, 2013

Debt Type	ID. No.	Description	Maturity/Payment Due Date	Beginning Balance January 1, 2013	Additions	Reductions	Ending Balance December 31, 2013
General Obligations							
	251.11	Martin Hall Juvenile Detention	12/1/2016	1,590,000	0	370,000	1,220,000
	259.11	Comp. Absence: Current Expense		345,618	77,264	0	422,882
	259.11	Comp Absence: N.E.W.A.C.S.		141,660	8,312	0	149,972
	259.11	Comp. Absence: Elections		7,035	0	1,626	5,409
	259.11	Comp. Absence: Weed Control		7,382	2,723	0	10,105
	259.11	Comp. Absence: Emer. Comm.		27,804	3,371	0	31,175
	259.11	Comp. Absence: Sheriff Ambulance		2,804	12,292	0	15,096
	259.11	Comp. Absence: E.R. & R.		275,734	40,906	0	316,640
	259.11	Comp. Absence: Informational Service		33,366	0	1,389	31,977
	263.21	Flare Stations and Controls		1,100,000	0	1,100,000	0
	263.21	Closure of Current Landfill		4,200,000	6,600,000	0	10,800,000
	263.81	Fish Hatchery Complex	12/1/2033	0	149,000	0	149,000
	251.11	Commissioner Building	12/1/2033	485,000	0	15,000	470,000
	263.61	Ambulance Building	12/1/2021	230,256	0	22,393	207,863
	263.81	Public Works Trust Fd	7/1/2025	1,783,890	0	137,223	1,646,667
	263.98	DSHS Advance		133,050	0	0	133,050
	263.21	Post-Closure Costs		3,400,000	5,600,000	0	9,000,000
Total General Obligations:				13,763,599	12,493,868	1,647,631	24,609,836

The accompanying notes to the financial statements are an integral part of this schedule

Debt Type	ID. No.	Description	Maturity/Payment Due Date	Beginning Balance January 1, 2013	Additions	Reductions	Ending Balance December 31, 2013
Revenue Obligations							
	263.52	Caterpillar Capital Lease		169,023	0	169,023	0
		Total Revenue Obligations:		169,023	0	169,023	0
		Total Liabilities:		13,932,622	12,493,868	1,816,654	24,609,836

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2013

Federal Agency Name/Pass-Through Agency Name	Federal Program Name	CFDA Number	Other Award Number	Expenditures		Footnote Ref
				From Pass-Through Awards	From Direct Awards	
Forest Service, Department Of Agriculture/Washington State Treasurer	Schools and Roads - Grants to States	10.665	n/a	203,925		203,925 1
Forest Service, Department Of Agriculture	Collaborative Forest Restoration	10.679	13-D6-11062121-012		10,000	10,000 1
Office Of Community Planning And Development, Department Of Housing And Urban Development/ Washington State Department of Community Planning and Development	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	12-65400-008	71,052		71,052 1
Office Of Community Planning And Development, Department Of Housing And Urban Development/ Washington State Department of Community Planning and Development	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	13-65400-013	18,694		18,694 1
Office Of Community Planning And Development, Department Of Housing And Urban Development/ Washington State Department of Commerce	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	12-65400-046	4,490		4,490 1
Office Of Community Planning And Development, Department Of Housing And Urban Development/ Washington State Department of Commerce	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	1164100-032	65,315		65,315 1
Total CFDA 14.228				159,551	0	159,551
National Park Service, Department Of The Interior	Save America's Treasures	15.929	53-10-AP-5026		15,605	15,605 1
Washington State Patrol	Marijuana Eradication	16.000	C120831FED	4,806		4,806 1
Violence Against Women Office, Department Of Justice/Washington State Department of Commerce	Violence Against Women Formula Grants	16.588	F12-31103-064	16,508		16,508 1
Violence Against Women Office, Department Of Justice/Washington State Department of Commerce	Violence Against Women Formula Grants	16.588	F12-31103-064	10,414		10,414 1
Total CFDA 16.588				26,922	0	26,922

The accompanying notes to the Schedule of Expenditures are an integral part of this schedule

Federal Agency Name/Pass-Through Agency Name	Federal Program Name	CFDA Number	Other Award Number	Expenditures			Footnote Ref
				From Pass-Through Awards	From Direct Awards	Total Amount	
Bureau Of Justice Assistance, Department Of Justice	Bulletproof Vest Partnership Program	16.607	2012BUBX12060702		3,574	3,574	2
Office Of Community Oriented Policing Services, Department Of Justice	Public Safety Partnership and Community Policing Grants	16.710	2012JUMWX0175		53,875	53,875	1
Office Of Community Oriented Policing Services, Department Of Justice	Public Safety Partnership and Community Policing Grants	16.710	2012JUMWX0176		53,875	53,875	1
Office Of Community Oriented Policing Services, Department Of Justice	Public Safety Partnership and Community Policing Grants	16.710	2012JUMWX0177		53,875	53,875	1
			Total CFDA 16.710	0	161,625	161,625	
Federal Highway Administration (fhwa), Department Of Transportation/State Department of Transportation	Highway Planning and Construction	20.205	STPR-C331 (001)	911,184		911,184	2
Federal Highway Administration (fhwa), Department Of Transportation/State Department of Transportation	Highway Planning and Construction	20.205	STPR-G333(003)	741,735		741,735	2
Federal Highway Administration (fhwa), Department Of Transportation/State Department of Transportation	Highway Planning and Construction	20.205	DTFH70-12-E-00024	300,000		300,000	2
Federal Highway Administration (fhwa), Department Of Transportation/State Department of Transportation	Highway Planning and Construction	20.205	STPR-B333(001)	20,075		20,075	2
Federal Highway Administration (fhwa), Department Of Transportation/State Department of Transportation	Highway Planning and Construction	20.205	HSIP-STPR-000S(246)	351		351	2
			Total CFDA 20.205	1,973,345	0	1,973,345	

The accompanying notes to the Schedule of Expenditures are an integral part of this schedule

Federal Agency Name/Pass-Through Agency Name	Federal Program Name	CFDA Number	Other Award Number	Expenditures			Footnote Ref
				From Pass-Through Awards	From Direct Awards	Total Amount	
Administration For Children And Families, Department Of Health And Human Services/Washington State Department of Social & Health Services	Child Support Enforcement	93.563	2110-80609	138,305		138,305 2	
Administration For Children And Families, Department Of Health And Human Services/Washington State Department of Social & Health Services	Child Support Enforcement	93.563	2110-80609	31,806		31,806 2	
Administration For Children And Families, Department Of Health And Human Services/Washington State Department of Social & Health Services	Child Support Enforcement	93.563	0763-15107	5,086		5,086 2	
Total CFDA 93.563				175,197	0	175,197	
Substance Abuse And Mental Health Services Administration, Department Of Health And Human Services/Regional Support Network	Block Grants for Community Mental Health Services	93.958	12MHBG1473	13,912		13,912 1	
Substance Abuse And Mental Health Services Administration, Department Of Health And Human Services/Regional Support Network	Block Grants for Community Mental Health Services	93.958	13MHBG1570	41,700		41,700 1	
Total CFDA 93.958				55,612	0	55,612	
Substance Abuse And Mental Health Services Administration, Department Of Health And Human Services/Washington State Department of Social & Health Services	Block Grants for Prevention and Treatment of Substance Abuse	93.959	1163-27328	23,800		23,800 1	
Substance Abuse And Mental Health Services Administration, Department Of Health And Human Services/Washington State Department of Social & Health Services	Block Grants for Prevention and Treatment of Substance Abuse	93.959	1163-27328	45,798		45,798 1	
Substance Abuse And Mental Health Services Administration, Department Of Health And Human Services/Washington State Department of Social & Health Services	Block Grants for Prevention and Treatment of Substance Abuse	93.959	1163-27329	47,740		47,740 1	
Total CFDA 93.959				117,338	0	117,338	

Federal Agency Name/Pass-Through Agency Name	Federal Program Name	CFDA Number	Other Award Number	Expenditures			Footnote Ref
				From Pass-Through Awards	From Direct Awards	Total Amount	
Corporation For National And Community Service/Employment Security	AmeriCorps	94.006	K-2943	39,100		39,100	1
Department Of Homeland Security/ Washington State Parks & Recreation Commission	Boating Safety Financial Assistance	97.012	LE 911-205	7,289		7,289	1
Department Of Homeland Security/State Military Department	Emergency Management Performance Grants	97.042	E12-350	1,975		1,975	1
Department Of Homeland Security/State Military Department	Emergency Management Performance Grants	97.042	E14-146	7,280		7,280	1
Total CFDA 97.042				9,255	0	9,255	
Department Of Homeland Security	Assistance to Firefighters Grant	97.044	EMW-2011-FO-05420		15,795	15,795	1
Department Of Homeland Security/State Military Department	Interoperable Emergency Communications	97.055	E10-021	27,205		27,205	1
Department Of Homeland Security/State Military Department	Interoperable Emergency Communications	97.055	E11-147	1,403		1,403	1
Total CFDA 97.055				28,608	0	28,608	
Department Of Homeland Security/State Military Department	Homeland Security Grant Program	97.067	SDEM - 1116	16,498		16,498	1
Department Of Homeland Security/State Military Department	Homeland Security Grant Program	97.067	SDEM - 1218	18,935		18,935	1
Department Of Homeland Security/State Military Department	Homeland Security Grant Program	97.067	E13-254	7,941		7,941	1
Department Of Homeland Security/State Military Department	Homeland Security Grant Program	97.067	E12-247	32,834		32,834	1
Department Of Homeland Security/State Military Department	Homeland Security Grant Program	97.067	E13-234	72,096		72,096	1
Total CFDA 97.067				148,304	0	148,304	
Total Federal Awards Expended:				2,949,252	206,599	3,155,851	

STEVENS COUNTY

January 1, 2013 to December 31, 2013

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 – BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is prepared on the same basis of accounting as the county's financial statements. Stevens County uses a cash basis for all funds.

NOTE 2 – PROGRAM COSTS

The amounts shown as current year expenditures represent only the federal portion of program costs. Actual costs, including the county's portion, may be more than shown.

NOTE 3 – BARS ACCOUNT NUMBERS

BARS account numbers 331 and 332 identify direct federal financial assistance. Number 333 identifies indirect federal financial assistance.

ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

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