



Washington State Auditor's Office

Government that works for citizens

Financial Statements and Federal Single Audit Report **Grays Harbor County**

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

Published September 22, 2016

Report No. 1017520





Washington State Auditor's Office

September 22, 2016

Board of Commissioners
Grays Harbor County
Montesano, Washington

Report on Financial Statements and Federal Single Audit

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

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

Sincerely,

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Grays Harbor County January 1, 2015 through December 31, 2015

SECTION I – SUMMARY OF AUDITOR’S RESULTS

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

Financial Statements

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

Internal Control over Financial Reporting:

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

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

Federal Awards

Internal Control over Major Programs:

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

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

We reported no findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs:

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

<u>CFDA No.</u>	<u>Program or Cluster Title</u>
20.205	Highway Planning and Construction Cluster – Highway Planning and Construction
93.243	Substance Abuse and Mental Health Services – Projects of Regional and National Significance
93.505	Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$750,000.

The County did not qualify as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

**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**

**Grays Harbor County
January 1, 2015 through December 31, 2015**

Board of Commissioners
Grays Harbor County
Montesano, 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 Grays Harbor County, Washington, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's financial statements, and have issued our report thereon dated September 14, 2016.

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

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

COMPLIANCE AND OTHER MATTERS

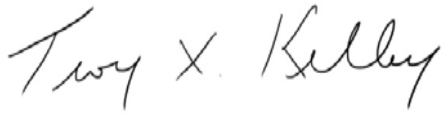
As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of the County's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material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

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

PURPOSE OF THIS REPORT

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

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

A handwritten signature in black ink that reads "Troy X. Kelley". The signature is written in a cursive, flowing style.

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

September 14, 2016

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

**Grays Harbor County
January 1, 2015 through December 31, 2015**

Board of Commissioners
Grays Harbor County
Montesano, Washington

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

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

Management's Responsibility

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

Auditor's Responsibility

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

program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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, 2015.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

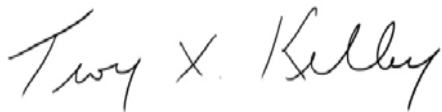
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal

control 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

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

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

September 14, 2016

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Grays Harbor County January 1, 2015 through December 31, 2015

Board of Commissioners
Grays Harbor County
Montesano, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Grays Harbor County, Washington, for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's financial statements, as listed on page 15.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of Grays Harbor County, for the year ended December 31, 2015, on the basis of accounting described in Note 1.

Basis for Adverse Opinion on U.S. GAAP

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

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Grays Harbor County, as of December 31, 2015, or the changes in financial position or cash flows for the year then ended, due to the significance of the matter discussed in the above "Basis for Adverse Opinion on U.S. GAAP" paragraph.

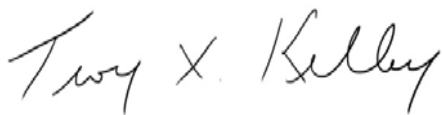
Other Matters

Supplementary and Other Information

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The accompanying Schedule of Liabilities is also presented for purposes of additional analysis, as required by the prescribed BARS manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2016 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



TROY KELLEY

STATE AUDITOR

OLYMPIA, WA

September 14, 2016

FINANCIAL SECTION

Grays Harbor County January 1, 2015 through December 31, 2015

FINANCIAL STATEMENTS

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

SUPPLEMENTARY AND OTHER INFORMATION

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

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

		Total for All Funds (Memo Only)	001 General Fund	101 Special Projects
Beginning Cash and Investments				
30810	Reserved	38,322,700	-	205,074
30880	Unreserved	5,671,050	5,671,050	-
388 & 588	Prior Period Adjustments, Net	-	-	-
Operating Revenues				
310	Taxes	26,454,260	14,497,452	-
320	Licenses and Permits	1,070,892	1,045,902	-
330	Intergovernmental Revenues	14,796,634	4,082,100	534,569
340	Charges for Goods and Services	26,772,008	3,084,417	-
350	Fines and Penalties	1,556,812	1,554,647	-
360	Miscellaneous Revenues	5,106,698	1,359,173	12,000
Total Operating Revenues:		75,757,303	25,623,691	546,569
Operating Expenditures				
510	General Government	15,127,529	10,762,426	257
520	Public Safety	15,033,939	13,280,491	141,807
530	Utilities	3,212,985	-	-
540	Transportation	11,946,172	-	-
550	Natural and Economic Environment	3,062,488	420,756	365,820
560	Social Services	20,804,508	940,571	-
570	Culture and Recreation	1,224,131	183,239	114,127
598	Miscellaneous Expenses	-	-	-
Total Operating Expenditures:		70,411,752	25,587,482	622,011
Net Operating Increase (Decrease):		5,345,551	36,208	(75,442)
Nonoperating Revenues				
370-380, 395 & 398	Other Financing Sources	10,125,242	696,754	-
391-393	Debt Proceeds	24,669	-	-
397	Transfers-In	3,072,347	165,975	109,308
Total Nonoperating Revenues:		13,222,258	862,729	109,308
Nonoperating Expenditures				
580, 596 & 599	Other Financing Uses	374,747	50,000	-
591-593	Debt Service	1,564,876	-	-
594-595	Capital Expenditures	3,635,112	59,758	-
597	Transfers-Out	3,072,347	878,794	-
Total Nonoperating Expenditures:		8,647,082	988,551	-
Net Increase (Decrease) in Cash and Investments:		9,920,727	(89,615)	33,866
Ending Cash and Investments				
5081000	Reserved	48,333,040	-	238,940
5088000	Unreserved	5,581,437	5,581,437	-
Total Ending Cash and Investments		53,914,477	5,581,437	238,940

The accompanying notes are an integral part of this statement.

102 Auditor's M & O	103 Fair Event	104 Trial Court Improvement	105 Paths & Trails	106 Law Library	107 Affordable Housing
267,048	41,088	137,146	13,107	4,323	566,281
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
53,924	41,141	-	11,557	-	-
44,766	259,803	45,807	-	37,351	65,071
-	-	-	-	-	-
-	320,537	-	21	-	432
98,690	621,481	45,807	11,578	37,351	65,503
51,926	-	59,052	-	25,722	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	624,449	-	-	-	-
-	-	-	-	-	-
-	758,180	-	-	-	-
-	-	-	-	-	-
51,926	1,382,629	59,052	-	25,722	-
46,764	(761,148)	(13,245)	11,578	11,629	65,503
-	50,000	-	-	-	-
-	-	-	-	-	-
-	733,979	-	-	-	-
-	783,979	-	-	-	-
-	50,000	-	-	-	-
-	-	-	-	-	-
2,697	-	-	-	-	-
-	-	-	-	-	-
2,697	50,000	-	-	-	-
44,067	(27,169)	(13,245)	11,578	11,629	65,503
311,116	13,919	123,901	24,685	15,952	631,784
-	-	-	-	-	-
311,116	13,919	123,901	24,685	15,952	631,784

The accompanying notes are an integral part of this statement.

108 Sheriff's Law Enforcement	109 Crime Victim Penalty Assm	110 Roads	111 Treasurer's M & O	112 Stadium	114 Veterans Relief
117,540	4,662	4,127,951	285,366	914,267	45,352
-	-	-	-	-	-
-	-	-	-	-	-
-	-	6,666,730	10,760	1,451,322	42,237
-	-	1,900	-	-	-
-	30,027	3,568,239	-	-	1,097
-	47,079	423,500	97,685	-	-
-	-	-	-	-	-
1,566	-	32,919	-	331	1
<u>1,566</u>	<u>77,106</u>	<u>10,693,287</u>	<u>108,445</u>	<u>1,451,653</u>	<u>43,334</u>
-	92,562	-	152,697	-	-
3,964	-	-	-	-	-
-	-	-	-	-	-
-	-	10,021,847	-	-	-
-	-	-	-	172,389	-
-	-	-	-	-	40,404
-	-	-	-	(156)	-
-	-	-	-	-	-
<u>3,964</u>	<u>92,562</u>	<u>10,021,847</u>	<u>152,697</u>	<u>172,233</u>	<u>40,404</u>
<u>(2,398)</u>	<u>(15,456)</u>	<u>671,440</u>	<u>(44,252)</u>	<u>1,279,420</u>	<u>2,930</u>
-	-	839,804	-	-	2,547
-	-	-	-	-	-
-	14,000	-	-	-	-
<u>-</u>	<u>14,000</u>	<u>839,804</u>	<u>-</u>	<u>-</u>	<u>2,547</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	2,317,156	-	48,136	-
-	-	13,102	-	904,919	-
<u>-</u>	<u>-</u>	<u>2,330,258</u>	<u>-</u>	<u>953,055</u>	<u>-</u>
<u>(2,398)</u>	<u>(1,456)</u>	<u>(819,014)</u>	<u>(44,252)</u>	<u>326,365</u>	<u>5,477</u>
115,142	3,206	3,308,937	241,114	1,240,632	50,828
-	-	-	-	-	-
<u>115,142</u>	<u>3,206</u>	<u>3,308,937</u>	<u>241,114</u>	<u>1,240,632</u>	<u>50,828</u>

The accompanying notes are an integral part of this statement.

116 Election Reserve	117 Ab Landfill Postclosure	118 ORV Park	129 Public Health & Social Svcs	130 RE Excise Tax Technology	131 Tax Refund
61,404	1,463,756	58,218	1,183,032	132,113	14,284
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	5,640	-	-
2,815	-	118,061	2,025,075	-	-
39,513	-	-	1,186,135	-	-
-	-	-	-	-	-
-	7,044	25,200	131,271	-	-
42,328	7,044	143,261	3,348,121	-	-
9,109	-	-	1,051,648	1,678	-
-	-	-	-	-	-
-	173,600	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	3,083,336	-	-
-	-	168,741	-	-	-
-	-	-	-	-	-
9,109	173,600	168,741	4,134,984	1,678	-
33,219	(166,556)	(25,480)	(786,863)	(1,678)	-
-	143,081	-	-	-	-
-	-	-	-	-	-
-	-	85,000	696,883	-	-
-	143,081	85,000	696,883	-	-
-	124,801	-	-	-	-
-	-	-	-	-	-
1,000	-	-	-	-	-
-	-	-	-	-	-
1,000	124,801	-	-	-	-
32,219	(148,277)	59,520	(89,980)	(1,678)	-
93,623	1,315,479	117,738	1,093,051	130,436	14,284
-	-	-	-	-	-
93,623	1,315,479	117,738	1,093,051	130,436	14,284

The accompanying notes are an integral part of this statement.

132 Excise/Revaluation	135 Emergency Communications	139 Chem Dep/MH/Therap Court	140 Mental Health	145 Homeless Housing	160 Cowlitz County Mental Health
18,864	-	3,630,614	11,452,995	1,773,393	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,607,368	973,624	-	-	-
-	-	-	-	-	-
11,757	-	-	2,243,780	1,368,820	584,602
9,733	-	-	9,152,597	342,782	6,710,980
-	-	-	-	-	-
-	309	4,222	11,368	2,277	2,469
21,490	1,607,677	977,846	11,407,744	1,713,879	7,298,050
-	-	-	-	-	-
-	1,607,677	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	71,812	-
-	-	141,901	9,474,974	1,630,799	5,492,523
-	-	-	-	-	-
-	-	-	-	-	-
-	1,607,677	141,901	9,474,974	1,702,611	5,492,523
21,490	0	835,945	1,932,770	11,268	1,805,527
-	-	-	-	-	6,814,602
-	-	-	-	-	-
-	-	-	75,050	-	-
-	-	-	75,050	-	6,814,602
-	-	-	6,865	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	232,627	-	22,500	-
-	-	232,627	6,865	22,500	-
21,490	0	603,318	2,000,955	(11,232)	8,620,129
40,354	-	4,233,932	13,453,950	1,762,162	8,620,129
-	-	-	-	-	-
40,354	-	4,233,932	13,453,950	1,762,162	8,620,129

The accompanying notes are an integral part of this statement.

The accompanying notes are an integral part of this statement.

307 Cumula Res Construction	309 Capital Improvements	310 Distressed Area Capital	401 Solid Waste	402 Hogan's Corner Water System	403 Tax Title Management
1,031,358	365,926	1,630,367	964,183	194,225	3,535,790
-	-	-	-	-	-
-	-	-	-	-	-
-	314,829	884,745	-	-	5,194
-	-	-	-	-	17,450
-	-	-	75,491	-	-
-	-	2,700	1,044,335	226,109	14,370
-	-	-	-	-	-
180,620	40	720	1,773	144	162,530
180,620	314,869	888,165	1,121,598	226,253	199,544
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,871,127	88,830	-
-	-	-	-	-	-
-	-	174,176	-	-	1,233,087
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	174,176	1,871,127	88,830	1,233,087
180,620	314,869	713,989	(749,529)	137,423	(1,033,543)
100,000	-	-	-	-	1,252,654
-	-	-	-	-	-
-	-	-	-	50,000	-
100,000	-	-	-	50,000	1,252,654
-	-	-	-	-	-
-	-	115,817	-	157,314	-
-	-	-	-	-	150,608
333,815	374,999	291,285	-	-	7,272
333,815	374,999	407,102	-	157,314	157,879
(53,195)	(60,130)	306,887	(749,529)	30,109	61,231
978,162	305,796	1,937,253	214,654	224,333	3,597,021
-	-	-	-	-	-
978,162	305,796	1,937,253	214,654	224,333	3,597,021

The accompanying notes are an integral part of this statement.

404 PB Sewer M&O	405 PB/Moclips Water Sys M&O	406 North Beach Water System	501 Equipment Rental & Revolving	503 Central Services	504 Management Services
1,113,461	593,911	56,792	1,184,838	488,827	436,607
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
578,560	459,720	92,533	698,481	1,057,367	1,050,614
2,165	-	-	-	-	-
49,797	1,180	87	2,746,222	31,608	589
630,522	460,900	92,619	3,444,703	1,088,975	1,051,203
-	-	-	735,345	1,010,146	1,174,962
-	-	-	-	-	-
594,209	393,572	91,646	-	-	-
-	-	-	1,924,325	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
594,209	393,572	91,646	2,659,670	1,010,146	1,174,962
36,313	67,328	973	785,033	78,829	(123,759)
100,000	-	-	1,000	-	-
-	-	-	-	-	-
79,062	-	-	-	49,121	123,759
179,062	-	-	1,000	49,121	123,759
-	-	-	-	50,000	-
458,351	-	-	-	1,762	-
7,693	129,768	-	534,391	60,912	-
6,105	-	-	6,929	-	-
472,150	129,768	-	541,320	112,674	-
(256,774)	(62,440)	973	244,713	15,276	0
856,686	531,471	57,766	1,429,553	504,103	436,608
-	-	-	-	-	-
856,686	531,471	57,766	1,429,553	504,103	436,608

The accompanying notes are an integral part of this statement.

Grays Harbor County
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2015

		Total for All Funds (Memo Only)	621 Personal Property Trust	627 Treasurer's Trust	636 Court Trust Funds
308	Beginning Cash and Investments	2,413,556	222	1,346,184	402,787
388 & 588	Prior Period Adjustments, Net	9,135	-	-	9,135
310-360	Revenues	13,227,039	-	-	-
380-390	Other Increases and Financing Sources	14,580,397	-	1,576,430	6,246,206
510-570	Expenditures	89,712	-	-	-
580-590	Other Decreases and Financing Uses	27,615,968	222	1,446,354	6,248,493
Net Increase (Decrease) in Cash and Investments:		101,755	(222)	130,076	(2,287)
508	Ending Cash and Investments	2,524,446	-	1,476,261	409,635

		637 Inmate Trust Fund	642 Interagency Drug Taskforce	649 Boating Safety Reg Fees	652 State Of Washington
308	Beginning Cash and Investments	18,870	74,301	57,506	402,064
388 & 588	Prior Period Adjustments, Net	-	-	-	-
310-360	Revenues	-	35,732	-	13,191,021
380-390	Other Increases and Financing Sources	244,175	60,000	19,603	2,910,708
510-570	Expenditures	-	89,712	-	-
580-590	Other Decreases and Financing Uses	248,530	-	32,819	16,126,391
Net Increase (Decrease) in Cash and Investments:		(4,355)	6,020	(13,216)	(24,662)
508	Ending Cash and Investments	14,514	80,320	44,290	377,403

		676 Real Estate Excise - State
308	Beginning Cash and Investments	111,622
388 & 588	Prior Period Adjustments, Net	-
310-360	Revenues	286
380-390	Other Increases and Financing Sources	3,523,275
510-570	Expenditures	-
580-590	Other Decreases and Financing Uses	3,513,159
Net Increase (Decrease) in Cash and Investments:		10,402
508	Ending Cash and Investments	122,024

The accompanying notes are an integral part of this statement.

GRAYS HARBOR COUNTY, WASHINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 1 – Summary of Significant Accounting Policies

Grays Harbor County was incorporated on May 15, 1915 and operates under the laws of the state of Washington applicable to a county government. The County is a general purpose government and provides the following services: public safety, road improvement, solid waste management, planning and zoning, parks and recreation, judicial administration, health and social services and general administrative services. In addition, the County owns and operates a water and sewer system.

The County reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

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

A. Fund Accounting

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

GOVERNMENTAL FUND TYPES:

General (Current Expense) Fund

This fund is the primary operating fund of the government. 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 government.

Debt Service Funds

These funds account for the financial resources that are restricted, committed, or assigned to expenditures for principal, interest and related costs on general long-term debt.

Capital Projects Funds

These funds account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets.

PROPRIETARY FUND TYPES:

Enterprise Funds

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges.

Internal Service Funds

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

FIDUCIARY FUND TYPES:

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

Private-Purpose Trust Funds

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

Agency Funds

These funds are used to account assets that the government holds on behalf of others in a custodial capacity.

B. Basis of Accounting and Measurement Focus

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

C.

Budgets

The County adopts annual appropriated budgets for all funds. These budgets are appropriated at the fund level (except the general fund, where budget is adopted at the department level). The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

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

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
<u>General Fund:</u>			
Assessor ^[2]	\$1,347,348	\$1,344,129	\$3,219
Auditor ^[2]	738,120	725,112	13,008
Board Of Equalization	54,713	46,200	8,513
Civil Service	17,810	15,035	2,775
Clerk	672,662	666,324	6,338
Commissioners	477,282	463,888	13,394
Environmental Health	713,426	704,200	9,226
Coroner	261,090	228,705	32,385
Facility Services ^[2]	1,086,751	1,086,447	304
LEOFF 1 Disability Board	7,222	6,952	270
Boundary Review Board	7,643	5,272	2,371
WSU Extension & Weed Board	198,072	192,740	5,332
District Court	1,258,302	1,196,177	62,125
Juvenile	2,425,824	2,424,898	926
LEOFF 1 Benefits	274,352	230,628	43,724
Planning & Building ^[2]	912,743	830,394	82,349
Prosecutor ^[2]	2,213,215	2,155,230	57,985
Security	354,299	352,786	1,513
Sheriff/Jail	10,274,982	9,993,539	281,443
Superior Court	745,886	712,507	33,379
Treasurer	549,554	549,505	49
Public Defense	1,264,238	1,236,679	27,559
Park & Vegetation Mgmt ^[2]	38,860	37,573	1,287
Advanced Expenditure ^[2]	200,000	147,914	52,086
Non-Departmental	1,307,849	1,243,859	63,990
<i>Total General Fund ^{[1] [2]}</i>	\$27,402,243	\$26,596,694	\$805,549

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
<u>Miscellaneous Funds:</u>			
Special Projects	\$1,753,949	\$622,011	\$1,131,938
Auditor's M&O	116,909	54,622	62,287
Fair Event ^[2]	1,508,793	1,480,630	28,163
Trial Court Improvement	59,800	59,052	748
Law Library	37,706	25,722	11,984
Affordable Housing	53,000	0	53,000
Sheriff's Law Enforcement ^[1]	20,000	1,057	18,943
Federal Equitable Sharing ^[1]	99,245	2,907	96,338
Crime Victim Penalty Assm	98,658	92,562	6,096
Roads	16,537,765	12,352,106	4,185,659
Treasurer's M&O	131,000	152,697	(21,697)
Stadium ^[1]	365,030	255,744	109,286
Tourism ^[1]	939,354	869,543	69,811
Veterans Relief	44,761	40,404	4,357
Election Reserve	27,495	10,109	17,386
Ab Landfill Postclosure	440,100	298,401	141,699
ORV Park	425,041	168,741	256,300
Public Health & Social Services	6,001,424	4,134,984	1,866,440
Real Estate Excise Tax Technology	60,000	1,678	58,322
Emergency Communications Tax	1,800,000	1,607,677	192,323
Chemical Dep/MH/Therapy Court	1,413,391	374,528	1,038,863
Mental Health ^[1]	11,994,200	8,539,690	3,454,510
Substance Abuse ^[1]	420,200	321,167	99,033
Developmental Disabilities ^[1]	694,700	620,982	73,718
MH/DDD Levy Tax ^[1]	83,000	0	83,000
Homeless Housing	2,788,700	1,725,111	1,063,589
Cowlitz County Mental Health	10,012,000	5,492,523	4,519,477
LTGO Refunding Bonds 2012	745,288	745,266	22
LOCAL Program Fin-Energy	45,750	45,250	500
LOCAL Program Fin-Jail Security	38,415	37,916	499
Facilities Capital	213,029	198,194	14,835
Software Replacement Reserve	212,000	125,202	86,798
Fair Bldg Construction	95,885	95,879	6
Cumulative Res Construction	350,809	333,815	16,994
Capital Improvements	375,000	374,999	1
Distressed Area Capital	909,096	581,278	327,818
Solid Waste Plan	2,107,363	1,871,127	236,236
Hogan's Corner Water System	279,934	246,144	33,790

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
Tax Title Management	1,598,228	1,390,966	207,262
PB Sewer M&O ^[1]	930,710	887,209	43,501
PB Sewer Bond ULID #7 ^[1]	96,200	95,292	908
PB Sewer Bond ULID #8 ^[1]	84,000	83,857	143
PB/Moclips Water Sys M&O ^[1]	665,453	523,340	142,113
PB/Moclips Water Sys Bond ^[1]	10	0	10
North Beach Water System	109,961	91,646	18,315
Equip Rental & Revolving ^{[1] [2]}	4,353,129	3,915,362	437,767
E R & R Replacement ^{[1] [2]}	412,000	92,898	319,102
Central Services ^{[1] [2]}	1,238,638	1,220,556	18,082
C S Replacement ^{[1] [2]}	25,000	2,264	22,736
Management Services	1,301,668	1,174,962	126,706
Total Miscellaneous Funds	\$74,113,787	\$53,438,072	\$20,675,715
County Totals	\$101,516,030	\$80,034,767	\$21,481,263

^[1] The Budget does not reflect the consolidation of managerial funds contained in the Financial Statements.

^[2] The Budget does not reflect the intra fund transfer eliminations contained in the Financial Statements.

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's legislative body.

The following funds had amendments to their appropriated budgets during 2015:

Fund	Original Appropriation	Amendments	Final Appropriation
<u>General Fund</u>	\$27,480,550	(\$78,307)	\$27,402,243
<u>Miscellaneous Funds</u>			
Special Projects	\$644,387	\$1,109,562	\$1,753,949
Auditor's M&O	106,109	10,800	116,909
Trial Court Improvement	55,500	4,300	59,800
Law Library	33,706	4,000	37,706
Roads	16,533,738	4,027	16,537,765
Treasurer's M&O	48,000	83,000	131,000
Stadium	211,330	153,700	365,030
Ab Landfill Postclosure	230,100	210,000	440,100
ORV Park	329,511	95,530	425,041

Fund	Original Appropriation	Amendments	Final Appropriation
Public Health & Social Services	3,900,757	2,100,667	6,001,424
Chemical Dep/MH/Therapy Court	1,368,391	45,000	1,413,391
Mental Health	11,469,200	525,000	11,994,200
Substance Abuse	370,200	50,000	420,200
Homeless Housing	1,947,700	841,000	2,788,700
Cowlitz County Mental Health	0	10,012,000	10,012,000
Facilities Capital	25,000	188,029	213,029
Software Replacement Reserve	0	212,000	212,000
Fair Bldg Construction	53,000	42,885	95,885
Cumulative Res Construction	495,809	(145,000)	350,809
Capital Improvements	175,000	200,000	375,000
Solid Waste Plan	1,643,686	463,680	2,107,366
Tax Title Management	1,578,843	19,385	1,598,228
PB Sewer M&O	928,833	1,877	930,710
PB/Moclips Water Sys M&O	515,453	150,000	665,453
Equipment Rental & Revolving	4,351,000	2,129	4,353,129
Central Services	1,202,398	36,240	1,238,638
Total Miscellaneous Amendments	\$48,217,651	\$16,419,811	\$64,637,462
Total Amendments	\$75,698,201	\$16,341,504	\$92,039,705

Material budget amendments made during the year are described as follows:

1. **Cowlitz County Mental Health**: Resolution #2015-043: Interlocal agreement between Southwest Behavioral Health and Grays Harbor RSN to administer mental health funds on the behalf of Cowlitz County through April 1, 2016.

D. **Cash and Investments** - See Note 2, *Deposits and Investments*

E. **Capital Assets**

Capital assets are assets with an initial individual cost of more than \$2,500 and an estimated useful life in excess of 1 year. Capital assets and inventory are recorded as capital expenditures when purchased.

F. **Compensated Absences**

Vacation leave may be accumulated up to 240 hours and is payable upon separation or retirement. Sick leave may be accumulated up to 960 hours. Upon separation or retirement employees may receive payment for unused sick leave. Maximum allowable accrual for vacation and unused sick leave payment is set by union contract. Payments are recognized as expenditures when paid.

G. Long-Term Debt - See Note 5, *Debt Service Requirements*

H. Other Financing Sources or Uses

The County's *Other Financing Sources or Uses* consist of the sale of County timber, sale of fixed assets, insurance recoveries, interfund loan proceeds and repayments, intergovernmental loan proceeds and repayments.

I. Risk Management - See Note 8, *Risk Management*

J. Reserved Portion of Ending Cash and Investments

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

The Board of County Commissioner's has the authority, by ordinance or resolution to establish, modify or rescind an internal fund balance commitment.

Reservations of Ending Cash and Investments consist of:

Fund/Fund Name	Specific Purpose	Amount
101 - Special Projects	Reserved for grant projects and special projects as designated by the Board of County Commissioners	\$238,940
102 - Auditor's M&O	Restricted per RCW 36.22.170 and Resolution 89-64, installation and maintenance of an improved system	311,116
103 - County Fair	Reserved for fair operations	13,919
104 - Trial Court Improvement	Restricted per RCW 3.58.060	123,901
105 - Paths & Trails	Restricted per RCW 47.30	24,685
106 - Law Library	Restricted per RCW 27.24.010 & 070	15,952
107 - Affordable Housing	Restricted per RCW 36.22 and Resolution 2002-43, funds to be used for very low income housing projects	631,784
108 - Sheriff's Law Enforcement	Reserved for law enforcement purposes	115,142
109 - Crime Victim Penalty	Restricted per RCW 7.69	3,206
110 - Roads	Restricted per RCW 36.82.010	3,308,937
111 - Treasurer's M&O	Restricted per RCW 84.56.020	241,114
112 - Stadium/Tourism	Restricted per RCW 67.28 & Ordinance 98-248	1,240,632
114 - Veteran's Relief	Restricted per RCW 73.08.080	50,828
116 - Election Reserve	Reserved for expenses associated with conducting regular and special state and county elections, including maintenance and equipment replacement	93,623

Fund/Fund Name	Specific Purpose	Amount
117 - Aberdeen Landfill Postclosure	Reserved for post closure care and monitoring of landfill facilities	1,315,479
118 - ORV Park	Reserved for Straddleline ORV Park operations	117,738
129 - Public Health	Reserved for the administration of Public Health & Social Services	1,093,051
130 - REET Electronic Technology	Reserved for development, implementation and maintenance of electronic process and reporting system for the real estate excise tax affidavits	130,436
131 - Tax Refund	Reserved for refunding of over levied taxes	14,284
132 - Excise/Revaluation Maintenance	Restricted per RCW 82.45.180(5)(c) and Resolution 2014-14 for maintenance and operation of annual revaluation system for property tax valuation and for the maintenance and operation of a reporting system for real estate excise tax affidavits	40,354
139 - Chemical Dependency/MH & Therapy Court	Restricted by RCW 82.14.460 & Ordinance 382, reserved for chemical dependency, mental health treatment and services for therapeutic court programs	4,233,932
140 - Mental Health	Reserved due to restrictions on grant revenue for mental health, substance abuse and developmental disabilities	13,453,950
145 - Homeless Housing	Reserved for costs related to the homeless housing program and reducing homelessness	1,762,162
160 - Cowlitz County Mental Health	Reserved for revenue and expenditures to administer mental health services on behalf of Cowlitz County.	8,620,129
301 - Facilities Capital	Reserved for the acquisition or construction of general capital assets and improvements	-1
302 - Software Replacement	Reserved for acquisition of major computer software systems	5
303 - Fair Bldg Construction	Reserved for acquisition of buildings or construction of buildings and improvements at the fairgrounds	64,336
307 - Cumulative Reserve for Construction	Restricted per RCW 36.33.020	978,162
309 - Capital Improvements	Restricted per RCW 35.43.040	305,796
310 - Distressed Area Capital	Restricted per RCW 82.14.370	1,937,253
401 - Solid Waste Plan	Reserved for solid waste management services	214,654
402 - Hogan's Corner Water System	Reserved for maintenance, upgrades and support activities of the water system	224,333
403 - Tax Title Management	Reserved to administer and manage County timber land and tax title property	3,597,021
404 - Pacific Beach Sewer System	Reserved for maintenance, upgrades and support activities of the sewer system	856,686
405 - PB/Moclips Water System	Reserved for maintenance, upgrades and support activities of the water system	531,471

Fund/Fund Name	Specific Purpose	Amount
406 - North Beach Water System	Reserved for maintenance, upgrades and support activities of the water system	57,766
501 - Equipment R&R	Restricted per RCW 36.33A.010-060	1,429,553
503 - Central Services	Reserved for software development, purchases and support, computer purchases and replacement, GIS related functions	504,103
504 - Management Services	Reserved for administration of budget, grant management, human resources, insurance and risk management	436,608
Reserved Ending Cash Total		\$48,333,040

Note 2 – Deposits and Investments

It is the County's policy to invest all temporary cash surpluses. *These funds are invested in accordance with RCW 36.29.020.

All deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation. All investments are insured, registered and held by the County or its agent in the government's name.

Investments are reported at original value. Investments by type as of December 31, 2015 are as follows:

Type of Investments	GH County Owned Investments	Investments Held by GH County as Agent	*GH County General Fund Residual Cash	Total
LGIP	\$21,834,099	\$22,712,299	\$14,368,012	\$58,914,410
US Gov't Securities			9,519,677	\$9,519,677
Money Market	7,800,000	1,200,000	10,850,000	\$19,850,000
Totals	\$29,634,099	\$23,912,299	\$34,737,689	\$88,284,087

*Current Expense and Miscellaneous Fund's uninvested cash balances (residual cash) swept into investments on behalf of the County.

Compensating Balances

Grays Harbor County maintains compensating balances in lieu of payment for banking services. The County established a money market account at Bank of the Pacific for this purpose. At Key Bank, checking account balances provide for daily cash liquidity and act as a compensating balance. The average combined balance needed to support services in 2015 was \$11,458,815.

Note 3 – Property Tax

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

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

The County's regular levy for 2015 was \$1.7158223 per \$1,000 on an assessed valuation of \$5,828,201,186 for a total regular levy of \$10,000,158. There was also a levy for Veteran's Relief of \$0.0068739 per \$1,000 totaling \$40,063.

The County is also authorized to levy \$2.25 per \$1,000 of assessed valuation in unincorporated areas for road construction and maintenance. This levy is subject to the same limitations as the levy for general government services. The County's road levy for 2015 was \$2.2340133 per \$1,000 on an assessed valuation of \$2,522,898,995 for a total road levy of \$5,636,190.

Note 4 – Interfund Loans

The following table displays interfund loan activity during 2015:

Borrowing Fund	Lending Fund	1/01/15 Balance	New Loans	Payments	12/31/15 Balance
Fair Construction	Landfill Postclosure	\$93,079		\$93,079	
Central Services	Landfill Postclosure	50,000		50,000	
Software Replacement Reserve	Landfill Postclosure		124,801		124,801
	Total Interfund Loans	\$143,079	\$124,801	\$143,079	\$124,801

Note 5 – Debt Service Requirements

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the county and summarizes the county's debt transactions for year ended December 31, 2015.

The debt service requirements for general obligation bonds, revenue bonds and intergovernmental loans are as follows:

Year	Principal	Interest	Total
2016	\$1,334,032	\$211,676	\$1,545,708
2017	1,339,453	189,671	1,529,124
2018	1,291,007	167,334	1,458,341
2019	1,307,756	143,066	1,450,822
2020	1,254,836	107,926	1,362,762
2021-2025	3,453,385	171,670	3,625,055
2026-2030	1,261,422	25,229	1,286,651
2031-2035	169,488	847	170,335
Totals	\$11,411,379	\$1,017,419	\$12,428,798

Note 6 – Pension Plans

A. State Sponsored Pension Plans

Substantially all County full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans Public Employees’ Retirement System (PERS), Public Safety Employees’ Retirements System (PSERS) and Law Enforcement Officers’ Retirement System (LEOFF).

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

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

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

Also, the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

At June 30, 2015 (the measurement date of the plans), the County's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	Allocation %	Liability (Asset)
PERS 1	0.160793%	\$8,410,969
PERS 2/3	0.158860%	\$5,676,158
PSERS 2	0.736764%	\$134,474
LEOFF 1	0.031317%	(\$377,439)
LEOFF 2	0.109092%	(\$1,121,248)

LEOFF Plan 1

The County also participates in LEOFF Plan 1. The LEOFF Plan 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. Starting on July 1, 2000, employers and employees contribute zero percent.

LEOFF Plan 2

The County also participates in the LEOFF Plan 2. The Legislature, by means of a special funding arrangement, appropriates money from the state general fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute.

Note 7 – Other Post Employment Benefits

The County has a commitment to pay benefits for active and retired employees that are members of the LEOFF1 retirement system. These benefits include medical, vision, nursing care, etc. Seventeen retirees received benefits during the year and \$229,294 was paid out for those benefits during the year. The cost of health care benefits is recognized in the General Fund when the claim is paid.

Note 8 – Risk Management

Grays Harbor County is a participating member of the Washington Counties Risk Pool (WCRP). Chapter 48.62 RCW authorizes the governing body of one or more governmental entities to join together for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services.

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The Pool was formed in August of 1988 when 15 counties in the state of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 31, 2015, 26 counties participate in the WCRP.

The Pool allows members to jointly establish a plan of self-insurance, and provides related services, such as risk management and claims administration. Members enjoy occurrence-based, jointly purchased and/or jointly self-insured liability coverage for bodily injury, personal injury, property damage, errors and omissions, and advertising injury caused by a covered occurrence during an eligible period and occurring anywhere in the world. Total coverage limits are \$20 million per occurrence and each member selects its occurrence deductible amount for the ensuing coverage year from these options: \$10,000, \$25,000, \$50,000, \$100,000, \$250,000 or \$500,000. For losses occurring in 2015, Grays Harbor County selects a per-occurrence deductible of \$25,000.

Members make an annual contribution to fund the Pool. The Pool acquires reinsurance for further protection from larger losses, direct protection for the Pool and indirect for the member counties due to the contingent liabilities they would otherwise incur from risk-sharing those losses. The reinsurance agreements are written with self-insured retentions (“SIRs”) equal to the greater of the deductible for the member with the claim or \$100,000. More recent years’ reinsurance programs have included “corridor deductibles” with aggregated stop losses which have the effect of increasing the Pool’s SIR. For 2014-15, this “corridor” increased the SIR to \$2 million, but with an aggregated stop loss of \$3.35 million. Other reinsurance agreements respond up to the applicable policy limits. Those reinsurance agreements contain aggregate limits for the maximum annual reimbursements to the Pool of \$40 million (lowest reinsured layer), \$20 million, (second layer), \$30 million (third layer) and \$50 million (final reinsured layer). Since the Pool is a cooperative program, there is a joint liability among the participating members.

New members may be asked to pay modest fees to cover the costs to analyze their loss data and risk profiles, and for their proportional shares of the entry year’s assessments. New members contract under the Interlocal Agreement to remain in the Pool for at least five years. Following its initial 60-month term, any member may terminate its membership at the conclusion of any Pool fiscal year, provided the county timely files the required advance written notice. Otherwise, the Interlocal Agreement and membership automatically renews for another year. Even after termination, former members remain responsible for reassessments by the Pool for the members’ proportional shares of any unresolved, unreported, and in-process claims for the periods that the former members were signatories to the Interlocal Agreement.

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

During 2014-15, Grays Harbor County was also one of twenty-six (26) counties which participated in the Washington Counties Property Program (WCPP). Property losses are covered under the WCPP to the participating counties’ buildings and contents, vehicles, mobile/contractor equipment, EDP and communication equipment, etc. that have been scheduled. The WCPP includes ‘All Other Perils (“AOP”)’ coverage limits of \$500 million per occurrence as well as Flood and Earthquake (catastrophe) coverages with separate occurrence limits, each being \$200 million. There are no AOP annual aggregate limits, but the flood and earthquake coverages include annual aggregate limits of \$200 million each. Each

participating county is solely responsible for paying their selected deductible, ranging between \$5,000 and \$50,000. Higher deductibles apply to losses resulting from catastrophe-type losses.

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

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

An 11-member executive committee is elected by and from the WCRP Board for staggered, 3-year terms. Authority has been delegated to the Committee by the Board of Directors to, a) approve all disbursements and reviews the Pool's financial health, b) approve case settlements exceeding the applicable member's deductible by at least \$50,000, c) review all claims with incurred loss estimates exceeding \$100,000, and d) evaluate the Pool's operations, program deliverables, and the Executive Director's performance. Committee members are expected to participate in the Board's standing committees (finance, personnel, risk management, and underwriting) which develop or review/revise proposals for and/or recommendations to the association's policies and its coverages for the Board to consider and act upon.

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

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

Note 9 – Joint Venture

The County and cities of Aberdeen and Hoquiam jointly operate an Interagency Drug Task Force. The County reports the Task Force as an agency fund. The purpose of the Task Force is to enhance the investigation and enforcement of laws against illegal drugs.

The Task Force is governed by an administrative board composed of the County Sheriff and the Aberdeen and Hoquiam Police Chiefs. The Board is responsible for establishing the budget, authorizing the acquisition of equipment, setting operating policies and resolving disputes.

Activity for the year ended December 31, 2015 is as follows:

	Total	County
Revenue	\$232,957	\$143,569
Expenditures	\$583,760	\$252,680

Note 10 – Landfill Post-Closure Agreement

In September of 1990 Grays Harbor County entered into an agreement with Lemay Enterprises, Inc. (the Company), concerning the closure and post-closure care of the landfill operation known as the Aberdeen Sanitary Landfill, (the Landfill). This agreement was entered into to ensure that federal and state requirements concerning financial assurances for the closure and post-closure costs would be fulfilled.

Under the agreement, the Company increased tipping fees to provide funds for closure and post-closure activities. The Company is responsible for all costs associated with the closure of the facility.

The Company shall conduct all post-closure care of the Landfill in accordance with the approved post-closure plan and all applicable local, state and federal laws and regulations. Post-closure costs shall be approved by the County and paid out of the post-closure fund administered by the County. In the event that there are insufficient funds for the post-closure care of the Landfill, the County's Solid Waste Fund shall pay any and all shortfalls.

The minimum post-closure period is 20 years; however, post-closure activities will be required for as long as the Landfill is producing contaminated leachate or landfill gas. The County used a 30-year factor when establishing the increase of current tipping fees to fund the post-closure activities. Future post-closure costs are estimated by the County to be approximately \$150,000 per year as the result of the installation of a leachate pipeline in 2013. This amount is subject to change due to inflation, technology, and or regulation. Accumulated funds from the increase in tipping fees, which ceased when the Landfill closed during 1994, are anticipated to fully pay for the post-closure costs throughout the 30 year period.

Note 11 – Intergovernmental Agreement

Chehalis Basin Partnership

The County and counties of Lewis, Mason and Thurston have agreed to participate in the Chehalis Basin Partnership through an Intergovernmental Agreement. The four counties support the collaboration among the Chehalis Basin Watershed communities to implement a comprehensive strategy for balancing competing demands for water, while at the same time preserving and enhancing the future integrity of the Chehalis Basin Watershed.

Note 12 – Other Disclosures

Property Tax Appeal

The County had a pending tax assessment appeal, from the previous year, regarding evaluation of residential real property. The County prevailed before the Board of Equalization and the property tax appeal was upheld in the County's favor, and is now closed.

Department of Revenue Appeal

The County appealed a Department of Revenue (DOR) determination that the County is engaged in a solid-waste collection business and the fees generated by this business are taxable. The DOR issued a ruling against the County in June 2015. The County did not appeal the decision.

There is another appeal pending before the DOR with regard to a similar issue, whether the County is an “operator” of the Central Transfer Station for purposes of paying B&O taxes under a new contract signed in 2014. No hearing date has been scheduled.

Miscellaneous Claims

The County is occasionally the defendant in various claims including miscellaneous emotional distress, false arrests, dog bite, jail complaints, slip and fall and wrongful termination. As of December 31, 2015 there were 11 outstanding or possible claims of this type which the County is defending and expects to prevail or have dismissed for lack of merit.

Court and Inmate Trust Funds

Superior Court, District Court and the Sheriff’s Office each maintain separate bank accounts for money held in trust. The Court Trust and the Inmate Trust are included in the County’s C5 Statement.

Interlocal Agreement

The County has a short-term interlocal agreement between Grays Harbor County and Cowlitz County to administer funds apportioned to Cowlitz County from Southwest Washington Behavioral Health RSN.

Resolution 2015-043 establishes the Cowlitz County Mental Health Fund and sub-funds for use exclusively and solely to administer the mental health provider services contract and employment contracts, as well as administrative costs, on behalf of Cowlitz County from July 1, 2015 to April 1, 2016. This two county RSN will continue for nine months ending, April 1, 2016, when the Grays Harbor RSN (including Cowlitz County) will join three other Counties along with chemical dependency services in all five counties, to form Great Rivers Behavioral Health Organization, completing the directive in Senate Bill 6312.

Budget Compliance

The Treasurer M&O fund overspent their budget \$21,697. This fund operates as a revolving fund and is not subject to budgetary limitations.

Grays Harbor County
Schedule of Liabilities
For the Year Ended December 31, 2015

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	Limited Tax GO Bonds 2012	12/1/2023	5,625,000	-	615,000	5,010,000
263.81	CERB Loan 1994 T93-022	1/1/2015	33,221	-	33,220	0
263.81	CERB Loan C2001-141	7/22/2022	296,814	-	35,823	260,992
263.81	CERB Loan C1999-122PW	7/23/2023	349,423	-	35,821	313,602
263.96	Local Program-Energy Retrofit	6/1/2023	329,986	-	30,792	299,195
263.96	Local Program-Jail Security	6/1/2020	196,096	2,412	29,977	168,531
Total General Obligation Debt/Liabilities:			6,830,540	2,412	780,633	6,052,319
Revenue and Other (non G.O.) Debt/Liabilities						
263.82	PWTF Loan 1997	7/1/2017	193,421	-	64,474	128,947
263.82	SRF Loan, 1996	5/15/2016	43,593	-	29,062	14,531
263.82	DWSRF 2009	10/1/2028	1,931,926	-	137,995	1,793,932
263.82	PWTF Loan 2012	6/1/2031	2,881,289	-	169,488	2,711,801
252.11	Water & Sewer Revenue Bonds 1999	6/22/2019	418,255	-	76,471	341,785
252.11	Sewer Revenue Bonds 2000	5/5/2020	432,460	-	64,396	368,064
259.12	Compensated Absences Liability-Govtl		1,357,510	45,163	-	1,402,673
259.12	Compensated Absences Liability-Prop		318,050	-	47,470	270,580
264.30	Pension Liabilities		-	14,221,602	-	14,221,602
Total Revenue and Other (non G.O.) Debt/Liabilities:			7,576,504	14,266,765	589,355	21,253,914
Total Liabilities:			14,407,044	14,269,177	1,369,988	27,306,233

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

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures		
				From Pass- Through Awards	From Direct Awards	Passed through to Subrecipients
Child Nutrition Cluster						
Food And Nutrition Service, Department Of Agriculture	National School Lunch Program	10.555	NA	-	38,666	-
		Total Child Nutrition Cluster:			38,666	-
	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	C17110	240	-	-
	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	C17110	333,170	-	-
Food And Nutrition Service, Department Of Agriculture (via State of WA Dept of Health)	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	C17110	12,988	-	-
		Total CFDA 10.557:			346,398	-
					346,398	-
SNAP Cluster						
Food And Nutrition Service, Department Of Agriculture (via State of WA Dept of Health)	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	C17110	167,419	-	-
		Total SNAP Cluster:			167,419	-
Forest Service Schools and Roads Cluster						
Forest Service, Department Of Agriculture	Schools and Roads - Grants to States	10.665	Title III-County Projects	-	8,240	-
	Schools and Roads - Grants to States	10.665	Title I	-	168,868	-
	Total Forest Service Schools and Roads Cluster:			177,108	177,108	-

The accompanying notes are an integral part of this schedule.

Office Of Community Planning And Development, Department Of Housing And Urban Development (via WA State Dept of Commerce)	14.228	Community Development Block Grants/State s program and Non-Entitlement Grants in Hawaii	14-65400-006	69,578	-	69,578	-
Bureau Of Justice Statistics, Department Of Justice (via WA State Patrol)	16.554	National Criminal History Improvement Program (NCHIP)	K10484	10,207	-	10,207	-
Bureau Of Justice Assistance, Department Of Justice (via WA Dept Commerce/City of Aberdeen)	16.738	Edward Byrne Memorial Justice Assistance Grant Program	M15-31440-00	14,210	-	14,210	-
Bureau Of Justice Assistance, Department Of Justice (via WA Dept Commerce/City of Aberdeen)	16.738	Edward Byrne Memorial Justice Assistance Grant Program	M14-31440-00	17,214	-	17,214	-
Bureau Of Justice Assistance, Department Of Justice (via WA Dept Commerce/City of Aberdeen)	16.738	Edward Byrne Memorial Justice Assistance Grant Program	F15-31440-001	19,278	-	19,278	-
Total CFDA 16.738:				50,702	-	50,702	-
Criminal Division, Department Of Justice	16.922	Equitable Sharing Program	NA	-	1,566	1,566	-
Highway Planning and Construction Cluster							
Federal Highway Administration (fhwa), Department Of Transportation (via WA State Dept of Transportation)	20.205	Highway Planning and Construction	BROS-2014(099) LA-8565	25,643	-	25,643	-
Federal Highway Administration (fhwa), Department Of Transportation (via WA State Dept of Transportation)	20.205	Highway Planning and Construction	HSIP-000S(384) LA-8567	15,152	-	15,152	-
Federal Highway Administration (fhwa), Department Of Transportation (via WA State Dept of Transportation)	20.205	Highway Planning and Construction	BHS-T140(004) LA-5816	222	-	222	-
Federal Highway Administration (fhwa), Department Of Transportation (via WA State Dept of Transportation)	20.205	Highway Planning and Construction	BROS-2014(078) LA-7937	146,394	-	146,394	-

The accompanying notes are an integral part of this schedule.

Federal Highway Administration (fhwa), Department Of Transportation (via WA State Dept of Transportation)	Highway Planning and Construction	20.205	STPD-2014(075) LA-7835	508,730	-	508,730	-
Federal Highway Administration (fhwa), Department Of Transportation (via WA State Dept of Transportation)	Highway Planning and Construction	20.205	BROS-2014(076) LA-7935	222	-	222	-
Federal Highway Administration (fhwa), Department Of Transportation (via WA State Dept of Transportation)	Highway Planning and Construction	20.205	BROS-2014(077) LA7936	68,736	-	68,736	-
Total Highway Planning and Construction Cluster:				765,099	-	765,099	-
Highway Safety Cluster							
National Highway Traffic Safety Administration (nhtsa), Department Of Transportation (via WA Traffic Safety Commission)	State and Community Highway Safety	20.600	NA	1,709	-	1,709	-
National Highway Traffic Safety Administration (nhtsa), Department Of Transportation (via WA Traffic Safety Commission)	State and Community Highway Safety	20.600	NA	865	-	865	-
National Highway Traffic Safety Administration (nhtsa), Department Of Transportation (via WA Traffic Safety Commission)	State and Community Highway Safety	20.600	NA	350	-	350	-
National Highway Traffic Safety Administration (nhtsa), Department Of Transportation (via WA Traffic Safety Commission)	State and Community Highway Safety	20.600	15ST-07	20,355	-	20,355	-
National Highway Traffic Safety Administration (nhtsa), Department Of Transportation (via WA Traffic Safety Commission)	State and Community Highway Safety	20.600	16ST-07	30,155	-	30,155	-
National Highway Traffic Safety Administration (nhtsa), Department Of Transportation (via WA Traffic Safety Commission)	State and Community Highway Safety	20.600	MOU	40,308	-	40,308	7,290

The accompanying notes are an integral part of this schedule.

National Highway Traffic Safety Administration (nhisa), Department Of Transportation (via WA Traffic Safety Commission)	State and Community Highway Safety	20.600	MOU	2,041	-	2,041	-
Total CFDA 20.600:				95,783	-	95,783	7,290
National Highway Traffic Safety Administration (nhisa), Department Of Transportation (via WA Traffic Safety Commission)	Occupant Protection Incentive Grants	20.602	MOU	3,492	-	3,492	1,069
National Highway Traffic Safety Administration (nhisa), Department Of Transportation (via WA Traffic Safety Commission)	National Priority Safety Programs	20.616	NA	4,218	-	4,218	1,727
Total Highway Safety Cluster:				103,494	-	103,494	10,086
Office Of Water, Environmental Protection Agency (via State of WA Dept of Health)	Beach Monitoring and Notification Program Implementation Grants	66.472	C17110	9,000	-	9,000	-
Centers For Disease Control And Prevention, Department Of Health And Human Services (via State of WA Dept of Health)	Public Health Emergency Preparedness	93.069	C17110	25,640	-	25,640	-
Centers For Disease Control And Prevention, Department Of Health And Human Services (via State of WA Dept of Health)	Public Health Emergency Preparedness	93.069	C17110	39,605	-	39,605	-
Total CFDA 93.069:				65,245	-	65,245	-
Office Of Population Affairs, Department Of Health And Human Services (via State of WA Dept of Health)	Family Planning_Services	93.217	C17110	38,240	-	38,240	-
Office Of Population Affairs, Department Of Health And Human Services (via State of WA Dept of Health)	Family Planning_Services	93.217	C17110	17,184	-	17,184	-
Total CFDA 93.217:				55,424	-	55,424	-

The accompanying notes are an integral part of this schedule.

Substance Abuse And Mental Health Services Administration, Department Of Health And Human Services (via State of WA Dept of Health)	Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	C17110	165,260	-	165,260	-
Substance Abuse And Mental Health Services Administration, Department Of Health And Human Services (via State of WA Dept of Social & Health Services)	Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	1363-89949	20,132	-	20,132	-
Substance Abuse And Mental Health Services Administration, Department Of Health And Human Services (via State of WA Dept of Social & Health Services)	Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	1563-42477	24,003	-	24,003	-
Substance Abuse And Mental Health Services Administration, Department Of Health And Human Services (via State of WA Dept of Social & Health Services)	Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	1263-66379	201,811	-	201,811	-
Total CFDA 93.243:				411,206	-	411,206	-
Centers For Disease Control And Prevention, Department Of Health And Human Services (via State of WA Dept of Health)	Immunization Cooperative Agreements	93.268	C17110	3,968	-	3,968	-
Centers For Disease Control And Prevention, Department Of Health And Human Services (via State of WA Dept of Health)	Immunization Cooperative Agreements	93.268	C17110	17,491	-	17,491	-
Centers For Disease Control And Prevention, Department Of Health And Human Services (via State of WA Dept of Health)	Immunization Cooperative Agreements	93.268	C17110	3,762	-	3,762	-
Centers For Disease Control And Prevention, Department Of Health And Human Services (via State of WA Dept of Health)	Immunization Cooperative Agreements	93.268	C17110	3,846	-	3,846	-
Total CFDA 93.268:				29,067	-	29,067	-
Health Resources And Services Administration, Department Of Health And Human Services (via WA Early Learning)	Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	319	190,925	-	190,925	-

The accompanying notes are an integral part of this schedule.

Health Resources And Services Administration, Department Of Health And Human Services (via WA Early Learning)	Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	334	166,930	-	166,930	-
	Total CFDA 93.505:			357,855	-	357,855	-
Administration For Children And Families, Department Of Health And Human Services (via WA State DSHS)	Child Support Enforcement	93.563	2110-81159	41,517	-	41,517	-
Administration For Children And Families, Department Of Health And Human Services (via WA State DSHS)	Child Support Enforcement	93.563	2110-81159	215,489	-	215,489	-
	Total CFDA 93.563:			257,006	-	257,006	-
Administration For Community Living, Department Of Health And Human Services (via Elections Assistance Commission)	Voting Access for Individuals with Disabilities_Grants to States	93.617	G-12/010	2,815	-	2,815	-
Centers For Disease Control And Prevention, Department Of Health And Human Services (via State of WA Dept of Health)	Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	C17110	12,795	-	12,795	-
Medicaid Cluster							
Centers For Medicare And Medicaid Services, Department Of Health And Human Services (via State of WA Health Care Authority)	Medical Assistance Program	93.778	1163-35239	15,479	-	15,479	-
Centers For Medicare And Medicaid Services, Department Of Health And Human Services (via State of WA Health Care Authority)	Medical Assistance Program	93.778	K760	12,267	-	12,267	-
	Total Medicaid Cluster:			27,746	-	27,746	-
Substance Abuse And Mental Health Services Administration, Department Of Health And Human Services (via State of WA Dept of Social & Health Services)	Block Grants for Community Mental Health Services	93.958	1369-76920	117,246	-	117,246	-

Substance Abuse And Mental Health Services Administration, Department Of Health And Human Services (via State of WA Dept of Social & Health Services)	Block Grants for Community Mental Health Services	93.958	1369-76920	49,511	-	49,511	-
			Total CFDA 93.958:	166,757	-	166,757	-
Substance Abuse And Mental Health Services Administration, Department Of Health And Human Services (via State of WA Dept of Social & Health Services)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	1163-27303	6,604	-	6,604	-
Substance Abuse And Mental Health Services Administration, Department Of Health And Human Services (via State of WA Dept of Social & Health Services)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	1563-43732	13,603	-	13,603	-
Substance Abuse And Mental Health Services Administration, Department Of Health And Human Services (via State of WA Dept of Social & Health Services)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	1163-27303	14,533	-	14,533	-
Substance Abuse And Mental Health Services Administration, Department Of Health And Human Services (via State of WA Dept of Social & Health Services)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	1163-27303	29,701	-	29,701	-
Substance Abuse And Mental Health Services Administration, Department Of Health And Human Services (via State of WA Dept of Social & Health Services)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	1563-42477	29,196	-	29,196	-
			Total CFDA 93.959:	93,637	-	93,637	-
Health Resources And Services Administration, Department Of Health And Human Services (via State of WA Dept of Health)	Maternal and Child Health Services Block Grant to the States	93.994	C17110	60,097	-	60,097	-
Health Resources And Services Administration, Department Of Health And Human Services (via State of WA Dept of Health)	Maternal and Child Health Services Block Grant to the States	93.994	C17110	11,273	-	11,273	-
			Total CFDA 93.994:	71,370	-	71,370	-
Department Of Homeland Security (via WA State Parks)	Boating Safety Financial Assistance	97.012	Fed #3314FAS14015	22,235	-	22,235	-

The accompanying notes are an integral part of this schedule.

Department Of Homeland Security (via WA State Military)	Emergency Management Performance Grants	97.042	E15-178	34,983	-	34,983	-
Department Of Homeland Security (via WA State Military)	Homeland Security Grant Program	97.067	E15-098	30,857	-	30,857	-
Department Of Homeland Security (via WA State Military)	Homeland Security Grant Program	97.067	E15-210	16,899	-	16,899	1,535
Total CFDA 97.067:				47,756	-	47,756	1,535
Total Federal Awards Expended:				3,177,793	217,340	3,395,134	11,621

The accompanying notes are an integral part of this schedule.

GRAYS HARBOR COUNTY, WASHINGTON
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2015

NOTE 1 - BASIS OF ACCOUNTING

This schedule is prepared on the same basis of accounting as the County's financial statements. The County uses the cash basis of accounting.

NOTE 2 – PROGRAM COSTS

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the County's portion, may be more than shown. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

The County has elected to use the 10% de minimis indirect cost rate under the Uniform Guidance. The amount expended includes the following amounts claimed as indirect costs:

ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

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

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