



Washington State Auditor's Office

Government that works for citizens

Financial Statements and Federal Single Audit Report

Ferry County

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

Published September 26, 2016

Report No. 1017533





Washington State Auditor's Office

September 26, 2016

Board of Commissioners
Ferry County
Republic, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on Ferry 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

Ferry County January 1, 2015 through December 31, 2015

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of Ferry 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 its major federal program.

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 program was selected as a major program 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

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.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Ferry County January 1, 2015 through December 31, 2015

This schedule presents the status of findings reported in prior audit periods. The status listed below is the representation of Ferry County. The State Auditor's Office has reviewed the status as presented by the County.

Audit Period: 2013	Report Ref. No.: 1012732	Finding Ref. No.: 2				
Finding Caption: The County's internal controls over accounting and financial statement preparation are inadequate to ensure accurate reporting.						
Background: Accounting staff has taken additional responsibilities overseeing financial operations of other departments as well as other local special purpose districts. This has affected the ability of staff to dedicate the time necessary to ensure that financial statements are prepared accurately. As a result, our audit identified deficiencies in internal controls over financial reporting that could affect the County's ability to produce reliable financial statements. Specifically, (1) County staff responsible for financial statement preparation lacked sufficient technical knowledge needed to ensure that the County's financial reports complied with recent changes in reporting requirements and (2) Review process was not effective in identifying instances where financial statements and schedules were not complete or did not meet current reporting requirements. Consequently we identified the following errors; (1) Three trust funds were omitted from the financial statement and five funds were not appropriately combined with related funds; (2) Approximately \$2.5 million in beginning fund balance and \$2.3 million in ending fund balance were incorrectly reported as unreserved and; (3) Estimated liability for future landfill post closure costs was omitted from the Schedule of Liabilities. We estimated that this liability was between \$108,000 and \$135,000.						
Status of Corrective Action: <table border="0"><tr><td><input checked="checked" type="checkbox"/> Fully Corrected</td><td><input type="checkbox"/> Partially Corrected</td><td><input type="checkbox"/> No Corrective Action Taken</td><td><input type="checkbox"/> Finding is considered no longer valid</td></tr></table>			<input checked="checked" type="checkbox"/> Fully Corrected	<input type="checkbox"/> Partially Corrected	<input type="checkbox"/> No Corrective Action Taken	<input type="checkbox"/> Finding is considered no longer valid
<input checked="checked" type="checkbox"/> Fully Corrected	<input type="checkbox"/> Partially Corrected	<input type="checkbox"/> No Corrective Action Taken	<input type="checkbox"/> Finding is considered no longer valid			
Corrective Action Taken: <i>In February 2015 the Auditor and Chief Deputy Auditor went to an annual report training in Spokane. In April 2015 the Chief Deputy Auditor and Chief Accountant went to WFOA training in Walla Walla. In December 2015 the Chief Deputy Auditor and Chief Accountant went to BARS training in Spokane. The Chief Deputy Auditor also uses the online BARS manual more as well as the help desk for questions.</i>						

**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**

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

Board of Commissioners
Ferry County
Republic, 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 Ferry 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

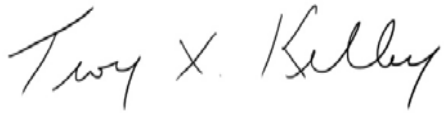
As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of the County's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material 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**

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

Board of Commissioners
Ferry County
Republic, Washington

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

We have audited the compliance of Ferry County, Ferry 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.

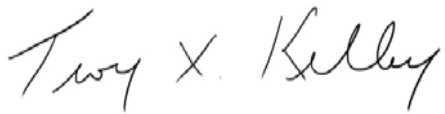
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 black ink that reads "Troy X. Kelley". The signature is written in a cursive style with a large "T" and "K".

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

September 14, 2016

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Ferry County January 1, 2015 through December 31, 2015

Board of Commissioners
Ferry County
Republic, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Ferry 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 16.

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, Ferry 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 Ferry 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 Ferry 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.

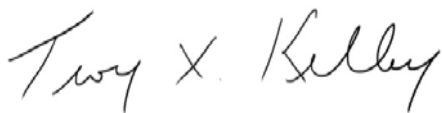
Other Matters

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

Ferry 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

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

		Total for All Funds (Memo Only)	001 Current Expense	101 County Road
Beginning Cash and Investments				
30810	Reserved	2,005,302	33,483	642,740
30880	Unreserved	3,442,395	2,653,215	-
388 & 588	Prior Period Adjustments, Net	-	-	-
Operating Revenues				
310	Taxes	3,649,146	2,457,569	857,160
320	Licenses and Permits	30,299	28,249	2,050
330	Intergovernmental Revenues	6,654,156	1,802,725	3,356,137
340	Charges for Goods and Services	1,702,871	554,096	19,183
350	Fines and Penalties	111,831	109,712	-
360	Miscellaneous Revenues	2,161,939	290,862	45,330
Total Operating Revenues:		14,310,242	5,243,213	4,279,860
Operating Expenditures				
510	General Government	3,279,137	2,534,293	30,002
520	Public Safety	2,591,514	1,866,743	-
530	Utilities	460,271	-	-
540	Transportation	4,894,291	37,540	3,300,841
550	Natural and Economic Environment	615,396	274,360	-
560	Social Services	363,489	109,636	-
570	Culture and Recreation	228,099	154,851	-
598	Miscellaneous Expenses	-	-	-
Total Operating Expenditures:		12,432,196	4,977,423	3,330,843
Net Operating Increase (Decrease):		1,878,045	265,790	949,017
Nonoperating Revenues				
370-380, 395 & 398	Other Financing Sources	46,035	3,596	5,170
391-393	Debt Proceeds	-	-	-
397	Transfers-In	361,603	69,332	3,699
Total Nonoperating Revenues:		407,638	72,928	8,869
Nonoperating Expenditures				
580, 596 & 599	Other Financing Uses	243,845	20,891	116,867
591-593	Debt Service	45,233	126	36,120
594-595	Capital Expenditures	1,376,550	86,735	957,676
597	Transfers-Out	361,549	215,528	-
Total Nonoperating Expenditures:		2,027,177	323,281	1,110,663
Net Increase (Decrease) in Cash and Investments:		258,506	15,438	(152,777)
Ending Cash and Investments				
5081000	Reserved	2,079,488	35,527	489,962
5088000	Unreserved	3,626,716	2,666,609	-
Total Ending Cash and Investments		5,706,204	2,702,135	489,962

The accompanying notes are an integral part of this statement.

102 Drug Abuse	103 Community Services	104 County Fair	107 Treasurer's O & M	108 Auditor's O & M	109 Veteran's Relief
868	7,258	-	49,005	62,444	45,039
-	-	161,275	-	-	-
-	-	-	-	-	-
-	101,093	-	-	-	11,098
-	-	-	-	-	-
-	728	34,054	-	40,049	15
-	-	39,425	6,797	4,875	-
1,351	-	-	-	-	-
-	-	12,276	-	187	58
<u>1,351</u>	<u>101,821</u>	<u>85,755</u>	<u>6,797</u>	<u>45,111</u>	<u>11,171</u>
-	-	-	3,911	46,937	-
285	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	10,719
-	-	61,436	-	-	-
-	-	-	-	-	-
<u>285</u>	<u>-</u>	<u>61,436</u>	<u>3,911</u>	<u>46,937</u>	<u>10,719</u>
<u>1,066</u>	<u>101,821</u>	<u>24,319</u>	<u>2,886</u>	<u>(1,826)</u>	<u>452</u>
-	-	3,976	-	7,217	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>3,976</u>	<u>-</u>	<u>7,217</u>	<u>-</u>
-	102,546	3,976	-	10	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>102,546</u>	<u>3,976</u>	<u>-</u>	<u>10</u>	<u>-</u>
<u>1,066</u>	<u>(725)</u>	<u>24,319</u>	<u>2,886</u>	<u>5,381</u>	<u>452</u>
1,934	6,532	-	51,892	67,825	45,491
-	-	185,594	-	-	-
<u>1,934</u>	<u>6,532</u>	<u>185,594</u>	<u>51,892</u>	<u>67,825</u>	<u>45,491</u>

The accompanying notes are an integral part of this statement.

110 Enhanced 911	112 Boating Safety	114 Court Facilitator	117 Title III	118 Affordable Housing For All	119 Home Security Fund
-	5,741	3,896	173,638	13,808	247,826
116,873	-	-	-	-	-
-	-	-	-	-	-
52,828	-	-	-	-	-
-	-	-	-	-	-
583,364	18,354	-	30,140	-	-
42,518	-	1,638	-	7,792	41,688
-	-	-	-	-	-
5,032	1	-	-	-	-
683,741	18,354	1,638	30,140	7,792	41,688
-	-	3,285	-	-	-
710,574	13,912	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	3,843	55,882
-	-	-	-	-	-
-	-	-	-	-	-
710,574	13,912	3,285	-	3,843	55,882
(26,833)	4,442	(1,647)	30,140	3,949	(14,194)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,170	-	-	-	-	-
-	-	-	-	-	-
6,723	-	-	-	-	-
-	-	-	-	-	-
9,893	-	-	-	-	-
(36,726)	4,442	(1,647)	30,140	3,949	(14,194)
-	10,182	2,250	203,779	17,757	233,633
80,148	-	-	-	-	-
80,148	10,182	2,250	203,779	17,757	233,633

The accompanying notes are an integral part of this statement.

122 Clerks Collections Fund	123 Domestic Violence Pen Assess	124 Recreation Fund	126 Crime Victims	128 Reet Electronic Fund	129 Weed Control
5,357	4,264	55,199	24,888	82,237	34,311
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
422	-	26,076	-	-	39,285
-	52	-	5,878	-	93,573
-	768	-	-	-	-
-	-	-	-	73	86,337
422	820	26,076	5,878	73	219,196
975	-	-	7,333	5,566	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	174,114
-	-	-	-	-	-
-	-	11,812	-	-	-
-	-	-	-	-	-
975	-	11,812	7,333	5,566	174,114
(553)	820	14,264	(1,455)	(5,493)	45,082
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	33,407	-	-	20,404
-	-	-	-	76,743	-
-	-	33,407	-	76,743	20,404
(553)	820	(19,143)	(1,455)	(82,236)	24,678
4,804	5,084	36,056	23,434	1	58,989
-	-	-	-	-	-
4,804	5,084	36,056	23,434	1	58,989

The accompanying notes are an integral part of this statement.

130 Tourism	131 Trial Court Improvement	132 Taxsifter	137 Connections	140 REET Prop Tax Admin Asst	307 Distressed Area Cap
15,873	44,333	1,040	34,046	8,590	399,297
242,109	-	-	19,460	-	-
-	-	-	-	-	-
31,093	-	-	-	-	76,967
-	-	-	-	-	-
-	8,940	-	299,587	8,715	27,037
-	-	-	-	1,445	-
-	-	-	-	-	-
331	-	1,950	9,516	-	-
31,424	8,940	1,950	309,104	10,160	104,004
-	15,988	2,650	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
26,313	-	-	100,501	-	40,109
-	-	-	183,408	-	-
-	-	-	-	-	-
-	-	-	-	-	-
26,313	15,988	2,650	283,909	-	40,109
5,111	(7,048)	(700)	25,195	10,160	63,895
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	76,743	-
-	-	-	-	76,743	-
-	-	-	(3,293)	-	-
-	-	-	-	-	-
-	6,024	-	7,992	-	-
-	-	-	69,278	-	-
-	6,024	-	73,977	-	-
5,111	(13,072)	(700)	(48,782)	86,903	63,895
20,653	31,261	340	4,724	95,492	463,192
242,440	-	-	-	-	-
263,093	31,261	340	4,724	95,492	463,192

The accompanying notes are an integral part of this statement.

308 County Capital Improvement	401 Solid Waste	501 Equipment Rental & Revolving	502 Management Info Systems	503 Insurance Fund
10,120	-	-	-	-
-	47,821	108,264	69,198	24,179
-	-	-	-	-
61,338	-	-	-	-
-	-	-	-	-
220,205	156,069	-	-	2,254
-	311,285	7,436	127,888	437,301
-	-	-	-	-
1	760	1,708,791	61	373
281,544	468,114	1,716,227	127,949	439,928
413	-	-	180,257	447,527
-	-	-	-	-
-	460,271	-	-	-
-	-	1,555,909	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
413	460,271	1,555,909	180,257	447,527
281,131	7,843	160,318	(52,308)	(7,599)
-	-	19,195	-	6,882
-	-	-	-	-
-	156,281	-	55,548	-
-	156,281	19,195	55,548	6,882
-	700	-	(1,077)	54
8,987	-	-	-	-
113,571	120,977	21,579	1,464	-
-	-	-	-	-
122,558	121,676	21,579	387	54
158,573	42,447	157,934	2,852	(771)
168,693	-	-	-	-
-	90,270	266,197	72,050	23,408
168,693	90,270	266,197	72,050	23,408

The accompanying notes are an integral part of this statement.

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

	Total for All Funds (Memo Only)	646 Republic General	651 NCR Library	678 State Remittance
308	173,327	3,660	2,024	13,503
388 & 588	-	-	-	-
310-360	-	-	-	-
380-390	3,083,162	161,705	295,327	128,190
510-570	-	-	-	-
580-590	3,081,975	163,946	295,535	131,236
Net Increase (Decrease) in Cash and Investments:	1,187	(2,241)	(208)	(3,046)
508	174,514	1,420	1,816	10,457
	680 Advance Tax	681 Deed Excise Tax	686 Treasurers Trust	688 Timber Excise
308	593	-	3,177	-
388 & 588	-	-	-	-
310-360	-	-	-	-
380-390	2,166	343,474	2,044	36,424
510-570	-	-	-	-
580-590	-	343,474	5	-
Net Increase (Decrease) in Cash and Investments:	2,166	0	2,039	36,424
508	2,759	-	5,217	36,424
308	689 Fire Patrol	692 State School	695 Sheriff Trust Fund	696 Foreclosure Surplus
	1,773	10,067	2,169	102,151

The accompanying notes are an integral part of this statement.

388 & 588	Prior Period Adjustments, Net	-	-	-	-
310-360	Revenues	-	-	-	-
380-390	Other Increases and Financing Sources	161,297	1,338,821	25,536	37,144
510-570	Expenditures	-	-	-	-
580-590	Other Decreases and Financing Uses	161,640	1,340,314	24,818	70,494
	Net Increase (Decrease) in Cash and Investments:	(343)	(1,493)	718	(33,350)
508	Ending Cash and Investments	1,430	8,575	2,887	68,801

		697 Jail Trust Fund	698 Superior Court Trust Fund	699 District Court Trust Fund	
308	Beginning Cash and Investments	9,074	22,975	2,160	
388 & 588	Prior Period Adjustments, Net	-	-	-	
310-360	Revenues	-	-	-	
380-390	Other Increases and Financing Sources	84,313	295,319	171,401	
510-570	Expenditures	-	-	-	
580-590	Other Decreases and Financing Uses	77,282	304,562	168,669	
	Net Increase (Decrease) in Cash and Investments:	7,031	(9,243)	2,732	
508	Ending Cash and Investments	16,105	13,732	4,892	

The accompanying notes are an integral part of this statement.

FERRY COUNTY WASHINGTON
NOTES TO FINANCIAL STATEMENTS
JANUARY 1, 2015 TO DECEMBER 31, 2015

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

Ferry County, Washington was incorporated on February 21, 1899 and operates under the laws of the State of Washington applicable to a seventh class county with a commissioner form of government. Ferry County is a general purpose government and provides public safety, road improvements, judicial administration, health and social services, and general administration services. In addition the county owns and operates an airport and owns a fairground.

Ferry 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 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

The accounts of Ferry 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 (001)

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 (100 Series)

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

Debt Service Funds (200 Series)

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 (300 Series)

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 (400 Series)

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

Internal Service Funds (500 Series)

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

FIDUCIARY FUND TYPES:

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

Agency Funds (600 Series)

These funds are used to account for 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 expenditures 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 recognizes expenditures paid during twenty days after the close of the calendar year for claims incurred during the previous period for County Road and Equipment Rental and Revolving (E R & R) funds only.

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 that require one. These budgets are adopted at the fund level (except for continuing grant budgets which are for information only as they can only expend the amount they receive.). The budgets constitute the legal authority for expenditures at that level. Annual appropriations for general, special revenue, and proprietary funds lapse at 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	Appropriated	Actual Expenses	Variance
001 - Current Expense			
Current Expense	5,758,545.80	5,149,793.93	608,751.87
Merry-go-round	18,250.00		18,250.00
Designated Medical Trust	27,000.00	5,907.71	21,092.29
Inmate Welfare	53,000.00	40,242.73	12,757.27
Hazard Mitigation	2,697.75		2,697.75
Law Library	5,600.00	5,474.92	125.08
Leased County Property	15,900.03	299.58	15,600.45
Cumulative Reserve	386,749.00		386,749.00
Conservation	600,842.00		600,842.00
Fair Grounds Management	61,900.00	61,671.95	228.05
Sheriff's Uniform/Clothing	12,200.00	9,154.81	3,045.19
Sheriff's Clothing Revolving	2,200.00		2,200.00
Airport	41,371.00	41,239.40	131.6

Large Format Copier	700.00	500.36	199.64
Total 001 - Current Expense	6,986,955.58	5,314,285.39	1,672,670.19
101 - County Road			
County Road	7,160,669.00	4,441,506.32	2,719,162.68
Trail Reserve	13,020.00		13,020.00
Total 101 - County Road	7,173,689.00	4,441,506.32	2,732,182.68
102 - Drug Abuse	24,900.00	285	24,615.00
103 - Community Services	107,365.00	102,546.49	4,818.51
104 - County Fair	194,450.00	65,412.07	129,037.93
107 - Treasurer's O & M	51,000.00	3,910.63	47,089.37
108 - Auditor's O & M	141,094.50	46,947.03	94,147.47
109 - Veteran's Relief	53,758.00	10,719.06	43,038.94
110 - Enhanced 911	744,227.43	720,466.61	23,760.82
112 - Boating Safety	14,600.00	13,912.30	687.7
114 - Court Facilitator	5,020.61	3,285.00	1,735.61
117 - Title III	173,638.00		173,638.00
118 - Affordable Housing For All	19,700.00	3,843.47	15,856.53
119 - Home Security Fund	187,000.00	55,882.00	131,118.00
122 - Clerks Collections Fund	5,860.85	975.2	4,885.65
123 - Domestic Violence Pen Assess	4,452.00		4,452.00
124 - Recreation Fund	109,891.00	45,218.80	64,672.20
126 - Crime Victims	31,000.00	7,332.59	23,667.41
128 - Reet Electronic Fund	83,000.00	82,308.82	691.18
129 - Weed Control	293,552.53	194,517.83	99,034.70
130 - Tourism	290,700.00	26,312.52	264,387.48
131 - Trial Court Improvement	48,600.00	22,012.24	26,587.76
132 - Taxsifter	2,654.59	2,650.00	4.59
137 - Connections			
Connections Shltr Rep Reserve	6,250.00	579.16	5,670.84
Connections Transportation	56,200.00	29,270.49	26,929.51
Connections	483,463.70	328,036.27	155,427.43
Total 137 - Connections	545,913.70	357,885.92	188,027.78
140 - REET Prop Tax Admin Asst	98,400.00		98,400.00
307 - Distressed Area Cap	480,000.00	40,108.79	439,891.21
308 - County Capital Improvement	270,130.00	122,970.50	147,159.50
401 - Solid Waste			
Solid Waste	730,131.00	564,103.51	166,027.49
Landfill Post Closure	23,997.00	17,843.41	6,153.59
Total 401 - Solid Waste	754,128.00	581,946.92	172,181.08
501 - Equipment Rental & Revolving	1,705,000.00	1,577,488.16	127,511.84
502 - Management Info Systems	293,074.00	180,644.38	112,429.62
503 - Insurance Fund	458,622.69	447,580.99	11,041.70

The County Commissioners authorize any revisions between departments within any fund, 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.

D. Cash

It is the county's policy to invest all temporary cash surpluses. The amount is included in the net cash and investments shown on the statements of fund resources and uses arising from cash transactions. The interest on these investments is posted to the general (current expense) fund when allowed otherwise it is prorated to the various funds.

E. Deposits

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

F. Investments See Note 3

G. Capital Assets

Capital assets are long lived assets with an initial individual cost of more than \$5000.00 and an estimated useful life in excess of a year. The capital assets of the county are recorded as expenditures when purchased.

H. 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 720 hours except for those under the bargaining unit and they can accumulate up to 840 hours. Sick leave is not payable upon resignation or death except for those under the bargaining unit. A member of the bargaining unit who terminates after a minimum of 10 years employment will receive a lump sum payment of 25% of any accrued but unused sick leave up to a maximum of 210 hours, after 15 years 33% up to 277 hours and after 20 years 50% up to 420 hours. An employee not under the bargaining unit who retires after 20 years of employment may receive a lump sum payment of 25% of unused sick leave up to a maximum of 180 hours.

I. Long-Term Debt See Note 6.

J. Other Financing Sources Or Uses

The county's "Other Financing Sources or Uses" consist of Transfers In and Out between funds, Proceeds of long-term debt, interfund loans, disposition of capital assets, and corrections.

K. Risk Management

The county maintains insurance against most normal hazards. In the opinion of management, the county's insurance policies are adequate to pay all known or pending claims. The county is a member of the Washington Rural Counties Insurance Pool (WRCIP). 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 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 program 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. As of December 1, 2015, there are eight counties in 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 Protections; and Liability, including General, Automobile, and Wrongful Acts, which are included to fit members' various needs

The program acquires insurance through their Administrator, Clear Risk Solutions. Liability coverage is purchased to an aggregate limit of \$45,000,000 with a self-insured retention of \$50,000. Members are responsible for a \$1,000 to \$10,000 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 in addition to the deductible. The program also purchases a Stop Loss Policy as another layer of protection to its membership, with an attachment point of \$575,050.

Property insurance is subject to a per-occurrence self-insured retention of \$25,000. Members are responsible for a \$1,000 - \$10,000 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 prior to December 31 before terminating participation the following December 1. The Interlocal 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 Agreement.

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 is funded by its member participants and has no employees. Claims are filed by members/brokers with Clear Risk Solutions, who has been contracted to perform program administration, claims adjustment, and loss prevention for the program. Fees paid to the third party administrator under this arrangement for the policy year beginning December 1, 2014, and ending December 1, 2015, were \$512,021.86.

L. 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 resolution or ordinance. When expenditures that meet restrictions are incurred the County intends to use reserved resources first before using unreserved amounts.

Reservations of Ending Cash and Investments consist of:

County Road	489,962		
Carousel preservation	16,823	Court Facilitator	2,250
Inmate Welfare	18,704	Title II & III Projects	203,779
Drug Investigation	1,934	Homelessness	17,757
Mental Health	6,532	Homelessness	233,633
Foreclosure costs	51,892	Clerks Collection	4,804
Document Preservation	67,825	Recreational grants	36,056
Veterans Assistance	45,491	Crime Victims Comp	23,434
Boating Safety Programs	10,182	R.E. Excise Tax Technology	1
Noxious Weed Control	58,989	Tourism Promotion	20,653
Trial Courtroom Improvements	31,261	Taxsifter Program Maint	340
Emergency Shelter Grant	4,724	REET Prop Tax Admn Asst	95,492
Economic Development	463,192	Capital Improvements	168,693
Domestic Violence Advocacy, Prevention and Prosecution			5,084

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions. There have been no expenditures exceeding legal appropriations in any of the funds of the County. The Treasurer's O & M Fund isn't required to have a budget per R.C.W. 84.56.020(10).

NOTE 3 - INVESTMENTS

It is the County's policy to invest temporary cash surpluses. The interest on these investments is prorated to the various funds when required otherwise it is deposited in the general fund. The county's investments are insured, registered or held by the county or its agent in the county's name. The investments listed below include the junior districts and schools as well as the county.

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

Type of Investment	County's own Investments & Surplus	Investments held by the County as an agent for Other local governments.	Total
L.G.I.P.	<u>\$ 7,168,039</u>	<u>\$ 4,428,119</u>	<u>\$ 11,596,158</u>
Total	<u>\$ 7,168,039</u>	<u>\$ 4,428,119</u>	<u>\$ 11,596,158</u>

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. 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 taxes are levied.

The county's regular levy for the year 2014 for collection in 2015 was as follows:

	<u>Levy Rate</u>	<u>Assessed Value</u>	<u>Tax</u>
Current Expense	1.758000	616,702,678	\$1,084,098
Mental Health	.025000	616,702,678	15,418
Veterans Relief	.017000	616,702,678	10,484
County Road	1.417500	569,901,524	807,835
Diverted Road	.832500	569,901,524	474,443
Conservation Futures	.062500	616,702,678	38,544

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 \$2.25 per \$1,000 on an assessed valuation of \$569,901,524 for a total road levy of \$1,282,278.00

NOTE 5 – INTERFUND AND INTERGOVERNMENTAL LOANS AND ADVANCES

The following table displays interfund loan activity during 2015:

Borrowing Fund	Lending Fund	Balance 1/1/2015	New Loans	Repayments	Balance 12/31/2015
CE	Auditor's O & M	7,217		7,217	0
Connections	Current Expense	\$ 59,859		59,859	0
Solid Waste	Current Expense		140,000		140,000
Housing Authority			17,000		17,000
TOTALS		\$67,076	157,000	67,076	\$157,000

The Connections fund repaid \$51,886.94 and the balance of the Connections transportation fund in the amount of \$17,390.66 was transferred to Current Expense as the Connections functions were turned over to Rural Resources Community Action. Then Current Expense paid Rural Resources Community Action \$8991.69 in 2016 for their portion of the transportation fund. Therefore the Connections loan was considered paid in full.

NOTE 6 – DEBT SERVICE REQUIREMENTS

The accompanying Schedule of Long-Term Liabilities (09) provides a listing of the outstanding debt and liabilities of the county and summarizes the county's debt transactions for 2015. The debt service requirements, including interest, but not including compensated absences are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	148,422	15,854	164,276*
2017	54,909	14,802	69,711
2018	35,500	14,120	49,620
2019	468,261	239	468,500
2020-	13,500		13,500
2021-2026	38,745		38,745 **
TOTALS	\$ 759,337	\$ 45,015	\$804,352

*The Department of Commerce shows the County will repay this in 2033. The County is working with the Department of Commerce and is planning on selling the property as circumstances have changed. This will be paid back when the property sells which looks like it may be in 2016.

** The landfill was closed in the 90's before the new regulations went into effect so the county doesn't prepare Dept of Ecology reports referred to in the BARS manual. The closure costs are an estimate based on prior history of expenditures.

NOTE 7 - 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' Retirement System (PSERS) or Law Enforcement Officers' and Fire Fighters' 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	.001855	97,034
PERS 1 UAAL	.036996	1,935,235
PERS 2/3	.044018	1,572,788
PSERS 2	.115118	21,011
LEOFF 1	.000764	(9,208)
LEOFF 2	.018864	(193,884)

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 8 – COMMITMENTS UNDER NONCAPITALIZED (OPERATING) LEASES

The County leases copy machines on 60 month contracts. These contracts include maintenance and copy charges so the amounts vary depending on the usage. We have approximately 10 machines between the various departments. The contracts expire at various times however we anticipate that they will be renewed as they do so. We pay approximately \$2450.00 per month. In 2015 we spent a total of \$24,477 on these contracts.

NOTE 9 – CONTINGENCIES AND LITIGATIONS

The Joint City of Republic-Ferry County Housing Authority (hereafter referred to as Housing Authority) was created by the City of Republic and Ferry County in 1991. The financial records were maintained by Ferry County. In 1999 the Housing Authority separated from the County and established their own financial records. In 2014 it came to the attention of Ferry County and the City of Republic that the Housing Authority was out of compliance with their federal granting agencies as well as the State of Washington. The City of Republic and Ferry County are working together to bring the Housing Authority back into compliance in hopes of mitigating some of the liability and helping the Housing Authority recover. As of April 13, 2015 the Housing Authority contracted with Rural Resources Community Action to manage the Housing Authority however, in October of 2015 Rural Resources returned the management of the properties back over to the Housing Authority. Subsequently they have hired a part time property manager and the County is assisting with the management and financials. The San Poil Plaza property is being turned over to Rural Resources and they are assuming the loans with USDA in the amount of \$426,475.00. The City of Republic and Ferry County appoint the board members of the Housing Authority and therefore are still responsible for their actions. As a result the City of Republic and Ferry County may be held liable for the Housing Authority's contractual obligations. The Housing Authority has outstanding loans of \$1,728,930 excluding the USDA loans. The approximate value of the available assets as of December 31, 2015 is \$1,200,740. The County's approximate potential liability is \$316,914.00 which is 3/5th of the deficit of \$528,190.00.

On April 29, 2015 the County received notice of a Complaint filed in Okanogan County by a former employee. If the court awards any punitive damages the County may be liable as these are not covered by the County's insurance policy. On May 23, 2016 lawsuit was dismissed with prejudice.

NOTE 10 – OPEB

The County has a commitment to pay for post-employment benefits for employees that belong to LEOFF 1. These benefits include medical services. We have one retiree that received benefits during the year and \$10,541 was paid out for medical insurance and co pays.

NOTE 11 – JOINT VENTURES

Ferry County participates in a number of joint ventures with other Counties such as:

Joint Venture - Ferry County has a representative on the Board of Directors of the Tri County Economic Development District, which is a federally-designated economic development district by the US Dept of Commerce-Economic Development Administration. The District serves the counties of Ferry, Pend Oreille and Stevens. Ferry County paid \$35,000 for a shared position.

Jointly Governed Organization/Related Party - In addition, the County jointly created the local Housing Authority, (Joint City of Republic Ferry County Housing Authority) in conjunction with the City of Republic. The County is possibly liable for the debt of the Housing Authority. See note 9. Ferry County paid the following funds to the Housing Authority:

General Fund	loan	\$17,000
Home Security Fund	Contribution	\$55,882
Home Security Fund	Rent for Connections	1,270
Affordable Housing Fund	Rent for Connections	2,540

Joint Venture - Northeast Tri County Health District works with other entities to assess, protect, preserve, and promote the health of the tri-county area and establishes local policy relating to population based services in Ferry, Pend Oreille and Stevens Counties. Ferry County contributed \$96,202.

Joint Venture – Stevens County is the fiscal agent for some of the Superior Court Services provided to Ferry, Pend Oreille and Stevens County. Ferry County reimburses Stevens County for its prorated share. Ferry County paid Stevens County \$43,625.72 in 2015 for its share of the joint services.

Joint Venture – Martin Hall Juvenile Detention Facility is a joint operation between several counties to provide juvenile detention services. Stevens County holds the bond and we pay our share of the bond payments to them and Lincoln County is the fiscal agent and we pay them for our share of costs and for bed days that exceed our number of allocated days. In 2015 Ferry County paid Stevens County \$8987.03 and Lincoln County \$48,205.00.

Joint Venture – North East Washington Alliance Counseling Services is a joint operation between Ferry County and Stevens

County that provides services for mental health, chemical dependency, and developmental disabilities. In 2015 Ferry County paid Stevens County \$102,546.49

NOTE 12 OTHER DISCLOSURES

Ferry County created the Ferry County Emergency Medical Service District No. 1 as a quasi-municipal corporation in 1989. The Ferry County Board of Commissioners are the governing body however they appointed a board of directors to manage and operate the ambulance. The EMS District then entered into an ambulance service agreement with the City of Republic which appointed 2 members to the joint operating board. The EMS District files a separate annual report of its activities.

Ferry 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						
263.83	MARTIN HALL	12/1/2016	16,940	-	8,266	8,674
263.81	DSHS WORKING ADV	6/30/2015	23,440	-	23,440	-
263.81	DCD HOMELESS SHELTER	9/30/2033	85,500	-	-	85,500
263.51	Copy Machines	12/31/2017	64,659	-	24,477	40,182
263.51	PW Graders & Loader	1/7/2020	538,751	-	20,016	518,735
Total General Obligation Debt/Liabilities:			729,290	-	76,199	653,091
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	COMPENSATED ABSENCES		340,441	20,785	-	361,226
263.22	Landfill Closure	12/31/2023	124,089	-	17,843	106,246
264.30	Net Pension Liabilities		-	3,626,068	-	3,626,068
Total Revenue and Other (non G.O.) Debt/Liabilities:			464,530	3,646,853	17,843	4,093,540
Total Liabilities:			1,193,820	3,646,853	94,042	4,746,631

Ferry 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			Note
				From Pass- Through Awards	From Direct Awards	Passed through to Subrecipients	
Forest Service Schools and Roads Cluster							
Forest Service, Department Of Agriculture (via WA STATE TREASURER)	Schools and Roads - Grants to States	10.665	None	427,074	-	427,074	1,2
Forest Service, Department Of Agriculture	Schools and Roads - Grants to States	10.665	NFS 12-DG- 11062100-007	-	31,720	31,720	1,2
Total Forest Service Schools and Roads Cluster:				427,074	31,720	458,794	-
Community Facilities Loans and Grants Cluster							
Rural Housing Service, Department Of Agriculture	Community Facilities Loans and Grants	10.766	04RGEB	-	5,125	5,125	1,2
Total Community Facilities Loans and Grants Cluster:				-	5,125	-	-
Office Of Community Planning And Development, Department Of Housing And Urban Development (via WA Dept Of Commerce)	Community Development Block Grants/State's program and Non- Entitlement Grants in Hawaii	14.228	11-64100-020	54,142	-	54,142	1,2
Office For Victims Of Crime, Department Of Justice (via WA DSHS)	Crime Victim Assistance	16.575	1463-16100	41,595	-	41,595	1,2
Office For Victims Of Crime, Department Of Justice (via WA DEPARTMENT OF COMMERCE)	Crime Victim Assistance	16.575	15-31310-126	11,330	-	11,330	1,2
Office For Victims Of Crime, Department Of Justice (via WA DEPARTMENT OF COMMERCE)	Crime Victim Assistance	16.575	S15-31119-016	18,073	-	18,073	1,2
Total CFDA 16.575:				70,998	-	70,998	-
Violence Against Women Office, Department Of Justice (via WA DEPARTMENT OF COMMERCE)	Violence Against Women Formula Grants	16.588	F14-31103-006	7,951	-	7,951	1,2
Violence Against Women Office, Department Of Justice (via WA DEPARTMENT OF COMMERCE)	Violence Against Women Formula Grants	16.588	F14-31103-007	17,168	-	17,168	1,2
Total CFDA 16.588:				25,119	-	25,119	-
Highway Planning and Construction Cluster							

The accompanying notes are an integral part of this schedule.

Federal Highway Administration (fhwa), Department Of Transportation (via WA DOT)	Highway Planning and Construction	20.205	CRP #1301	77,488	-	77,488	-	1,2
Federal Highway Administration (fhwa), Department Of Transportation (via WA DOT)	Highway Planning and Construction	20.205	CRP #1302	3,894	-	3,894	-	1,2
Federal Highway Administration (fhwa), Department Of Transportation (via WA DOT)	Highway Planning and Construction	20.205	CRP #1303	27,334	-	27,334	-	1,2
Federal Highway Administration (fhwa), Department Of Transportation (via WA DOT)	Highway Planning and Construction	20.205	CRP #1304	469	-	469	-	1,2
Federal Highway Administration (fhwa), Department Of Transportation (via WA DOT)	Highway Planning and Construction	20.205	CRP #1305	478,018	-	478,018	-	1,2
Federal Highway Administration (fhwa), Department Of Transportation (via WA DOT)	Highway Planning and Construction	20.205	CRP #1306	3,907	-	3,907	-	1,2
Federal Highway Administration (fhwa), Department Of Transportation (via WA DOT)	Highway Planning and Construction	20.205	CRP #1307	4,572	-	4,572	-	1,2
Federal Highway Administration (fhwa), Department Of Transportation (via WA DOT)	Highway Planning and Construction	20.205	CRP #1308	6,217	-	6,217	-	1,2
Federal Highway Administration (fhwa), Department Of Transportation (via WA DOT)	Highway Planning and Construction	20.205	CRP #1309/1310	32,174	-	32,174	-	1,2

Total Highway Planning and Construction Cluster:				634,075	-	634,075	-	
Highway Safety Cluster								
National Highway Traffic Safety Administration (nhtsa), Department Of Transportation (via WA Traffic Safety Commission)	State and Community Highway Safety	20.600	None	1,203	-	1,203	-	1,2
National Highway Traffic Safety Administration (nhtsa), Department Of Transportation (via WASPC)	State and Community Highway Safety	20.600	120-6200-00	1,915	-	1,915	-	1,2
Total CFDA 20.600:				3,118	-	3,118	-	
National Highway Traffic Safety Administration (nhtsa), Department Of Transportation (via WA Traffic Safety Commission)	National Priority Safety Programs	20.616	None	1,169	-	1,169	-	1,2
Total Highway Safety Cluster:				4,287	-	4,287	-	

U.s. Election Assistance Commission (via WA Secretary Of State)	90,401	G-2835	104	-	104	-	1,2
Help America Vote Act Requirements Payments							
Centers For Disease Control And Prevention, Department Of Health And Human Services (via WA DEPARTMENT OF COMMERCE)	93,136	15-31310-126	31,448	-	31,448	-	1,2
Injury Prevention and Control Research and State and Community Based Programs							
Centers For Disease Control And Prevention, Department Of Health And Human Services (via WA DEPARTMENT OF COMMERCE)	93,136	16-31310-126	7,587	-	7,587	-	1,2
Injury Prevention and Control Research and State and Community Based Programs							
Total CFDA 93.136:			39,035	-	39,035	-	
Administration For Children And Families, Department Of Health And Human Services (via WA DSHS)	93,563	2110-80332	54,818	-	54,818	-	1,2,3
Child Support Enforcement							
Administration For Children And Families, Department Of Health And Human Services (via WA CASA)	93,658	NONE	341	-	341	-	1,2,4
ARRA Foster Care_Title IV-E							
Administration For Children And Families, Department Of Health And Human Services (via WA DSHS)	93,671	1463-16100	11,381	-	11,381	-	1,2
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services							
Department Of Homeland Security (via WA ST PARKS AND RECREATION COMMISSION)	97,012	n/a	13,603	-	13,603	-	1,2
Boating Safety Financial Assistance							
Department Of Homeland Security (via WA MILITARY DEPARTMENT)	97,067	SDEM 1314	8,830	-	8,830	-	1,2
Homeland Security Grant Program							
Department Of Homeland Security (via WA MILITARY DEPARTMENT)	97,067	E14-253	77,359	-	77,359	-	1,2
Homeland Security Grant Program							
Total CFDA 97.067:			86,189	-	86,189	-	
Total Federal Awards Expended:			1,421,166	36,845	1,458,011	-	

The accompanying notes are an integral part of this schedule.

FERRY COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 1 – BASIS OF ACCOUNTING

The Schedule of Financial Assistance is prepared on the same basis of accounting as the financial statements. The county uses the Budgeting, Accounting, and Reporting System (BARS) prescribed by the State Auditor. (See Accompanying Notes to the Financial Statements.)

NOTE 2 – PROGRAM COSTS

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

NOTE 3 – INDIRECT COST RATE

The County did not elect to use the 10% de minimis cost rate as covered in 2 CFR 200.510(b) (6). The amount expended includes \$6374 claimed as an indirect cost recovery using an approved indirect cost rate of 18.98%.

NOTE 4 – AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) OF 2009

Expenditures for this program were funded by ARRA.

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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