



Office of the Washington State Auditor
Pat McCarthy

**Financial Statements and Federal Single Audit
Report**
Okanogan County

For the period January 1, 2017 through December 31, 2017

Published September 17, 2018

Report No. 1022139





**Office of the Washington State Auditor
Pat McCarthy**

September 17, 2018

Board of Commissioners
Okanogan County
Okanogan, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on Okanogan 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,

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy
State Auditor
Olympia, WA

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Okanogan County January 1, 2017 through December 31, 2017

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of Okanogan 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 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 identified 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>
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii
20.205	Highway Planning and Construction Cluster – Highway Planning and Construction

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by 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

See finding 2017-001.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

Okanogan County January 1, 2017 through December 31, 2017

2017-001 The County's internal controls over financial statement preparation were inadequate to ensure accurate reporting of federal expenditures.

Background

County management is responsible for designing and following internal controls that provide reasonable assurance regarding the reliability of financial reporting. Our audit identified deficiencies in internal controls that hindered the County's ability to produce reliable financial statements.

All local governments in Washington that spend federal funds must prepare a Schedule of Expenditures of Federal Awards (SEFA) as part of the annual financial report. Title 2 Part 200 *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) requires grantees to identify, in their accounts, all federal program awards received and spent and to report all federal awards spent on the SEFA each fiscal year.

Description of Condition

Our audit identified the following deficiencies in internal controls over financial reporting that, when taken together, represent a significant deficiency:

- The County relied on individual departments to submit complete and accurate information on expenditures of federal grant money.
- County staff did not have sufficient controls over recording federal grant pass-through activity accurately in the accounting records.

Cause of Condition

The County misunderstood the requirements of a grant it passed through to a junior taxing district and did not submit the related expenditures to the County Auditor as federal expenditures like it did for other grants. The Treasurer's Office did not record these same transactions as pass-through amounts in the General Fund but rather as direct credits to the junior taxing district. As a result, the Finance Manager did not discover the missing grant when reviewing accounting records as part of the County's process for preparing the SEFA.

Effect of Condition

We identified the following errors during our audit of the County's financial statements:

- The SEFA did not include a \$788,985 emergency preparedness grant the County passed through to a junior taxing district. Had we not identified this missing grant, the County's major federal program would not have been audited.
- The County understated General Fund revenues and expenditures by the same \$788,985.

In addition, the County overstated federal expenditures on the SEFA by \$147,716 for two invoices that were not paid in 2017.

Recommendations

We recommend the County:

- Improve controls over the accuracy and completeness of SEFA preparation
- Provide additional training to all County staff responsible for federal grant reporting

County's Response

Okanogan County would like to thank the State Auditor's Office for conducting a thorough audit. The County has implemented changes to the existing processes to ensure the correct tracking and recording of all grants.

Auditor's Remarks

We thank Okanogan County for its cooperation and assistance throughout the audit, and the steps it is taking to address these concerns. We will review the status of the County's corrective action during our next audit.

Applicable Laws and Regulations

RCW 43.09.200 Local government accounting – Uniform system of accounting, requires the State Auditor to prescribe the system of accounting and reporting for all local governments.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 establishes reporting requirements related to significant deficiencies or material weaknesses in internal control, instances of fraud or abuse, and noncompliance with provisions of law, regulations, contracts, or grant agreements.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 265, Communicating Internal Control Related Matters Identified in an Audit, paragraph 7.

The *Budgeting, Accounting and Reporting System* (BARS) manual, 3.1.3, Internal Control, requires each local government to establish and maintain an effective system of internal controls that provides reasonable assurance that the government will achieve its objectives.

**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**

**Okanogan County
January 1, 2017 through December 31, 2017**

Board of Commissioners
Okanogan County
Okanogan, 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 Okanogan County, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's financial statements, and have issued our report thereon dated September 6, 2018.

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. As discussed in Note 8 to the financial statements, during the year ended December 31, 2017, the County adopted new accounting guidance for presentation and disclosure of amounts collected and held for special purpose districts in fiduciary funds, as required by the BARS manual.

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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Audit Findings and Responses as Finding 2017-001 that we consider to be significant deficiencies.

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*.

COUNTY'S RESPONSE TO FINDINGS

The County's response to the findings identified in our audit is described in the accompanying Schedule of Audit Findings and Responses. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy
State Auditor
Olympia, WA

September 6, 2018

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

**Okanogan County
January 1, 2017 through December 31, 2017**

Board of Commissioners
Okanogan County
Okanogan, Washington

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

We have audited the compliance of Okanogan County, 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, 2017. 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, 2017.

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, reading "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy

State Auditor

Olympia, WA

September 6, 2018

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Okanogan County January 1, 2017 through December 31, 2017

Board of Commissioners
Okanogan County
Okanogan, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Okanogan County, for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's financial statements, as listed on page 19.

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 opinions 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, Okanogan 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 Okanogan County, for the year ended December 31, 2017, 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 Okanogan County, as of December 31, 2017, 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.

Matters of Emphasis

As discussed in Note 8 to the financial statements, in 2017, the County adopted new accounting guidance for presentation and disclosure of amounts collected and held for special purpose districts in fiduciary funds, as required by the BARS manual. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The 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 Schedule of Liabilities is 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 6, 2018 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.



Pat McCarthy
State Auditor
Olympia, WA

September 6, 2018

FINANCIAL SECTION

Okanogan County January 1, 2017 through December 31, 2017

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2017
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2017
Notes to the Financial Statements – 2017

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2017
Schedule of Expenditures of Federal Awards – 2017
Notes to the Schedule of Expenditures of Federal Awards – 2017

Okanogan County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

		Total for All Funds (Memo Only)	001 GENERAL	101 VETERANS RELIEF	102 ROAD
Beginning Cash and Investments					
30810	Reserved	23,287,316	100,229	22,982	4,984,627
30880	Unreserved	5,419,145	1,667,060	-	-
388 / 588	Prior Period Adjustments, Net	2,104	2,319	-	(508)
Revenues					
310	Taxes	15,614,076	9,129,231	80,364	3,773,679
320	Licenses and Permits	293,743	279,878	-	13,865
330	Intergovernmental Revenues	15,065,955	5,970,003	628	6,944,835
340	Charges for Goods and Services	11,240,885	3,508,017	-	64,940
350	Fines and Penalties	1,003,964	925,778	-	-
360	Miscellaneous Revenues	2,127,536	1,130,183	1,535	37,164
Total Revenues:		45,346,159	20,943,091	82,527	10,834,482
Expenditures					
510	General Government	9,317,840	8,870,794	-	-
520	Public Safety	12,665,506	11,062,673	-	-
530	Utilities	2,116,240	-	-	-
540	Transportation	11,701,437	-	-	9,312,040
550	Natural and Economic Environment	2,198,965	714,827	-	5,090
560	Social Services	1,121,204	402,354	68,998	-
570	Culture and Recreation	571,100	54,528	-	-
Total Expenditures:		39,692,292	21,105,175	68,998	9,317,130
Excess (Deficiency) Revenues over Expenditures:		5,653,867	(162,086)	13,529	1,517,353
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	527,559	-	-	16,000
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	101,850	3,836	-	-
381, 395, 398	Other Resources	3,538,536	2,000,385	-	22,400
Total Other Increases in Fund Resources:		4,167,945	2,004,221	-	38,400
Other Decreases in Fund Resources					
594-595	Capital Expenditures	6,072,925	198,862	-	2,523,077
591-593, 599	Debt Service	789,544	-	-	-
597	Transfers-Out	527,559	173,527	-	4,606
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	2,400	-	-	-
581	Other Uses	3,446,355	1,371,355	-	-
Total Other Decreases in Fund Resources:		10,838,783	1,743,744	-	2,527,683
Increase (Decrease) in Cash and Investments:		(1,016,971)	98,391	13,529	(971,930)
Ending Cash and Investments					
5081000	Reserved	21,936,471	3,009	36,510	4,012,189
5088000	Unreserved	5,755,123	1,864,992	-	-
Total Ending Cash and Investments		27,691,594	1,868,001	36,510	4,012,189

The accompanying notes are an integral part of this statement.

Okanogan County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

		103 NOXIOUS WEED CONTROL	104 MENTAL HEALTH	105 DEVELOPMENT AL	106 COUNTY DRUG CONTROL
Beginning Cash and Investments					
30810	Reserved	-	75,010	42,212	23,620
30880	Unreserved	111,754	-	-	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	-	81,936	18,469	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	209,882	633	143	-
340	Charges for Goods and Services	117,779	-	-	-
350	Fines and Penalties	-	-	-	2,382
360	Miscellaneous Revenues	411,900	-	-	-
Total Revenues:		739,562	82,569	18,612	2,382
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	238
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	644,060	-	-	-
560	Social Services	-	-	60,000	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		644,060	-	60,000	238
Excess (Deficiency) Revenues over Expenditures:		95,501	82,569	(41,388)	2,144
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	24,305	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	24,305	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	8,659	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	40,508	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		8,659	40,508	-	-
Increase (Decrease) in Cash and Investments:		86,842	42,061	(17,083)	2,144
Ending Cash and Investments					
5081000	Reserved	-	117,071	25,129	25,764
5088000	Unreserved	198,596	-	-	-
Total Ending Cash and Investments		198,596	117,071	25,129	25,764

Okanogan County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

		107 ALCOHOL/DRUG ABUSE	108 LAW LIBRARY	109 JAIL COMMISSARY	110 TREASURER'S O & M
Beginning Cash and Investments					
30810	Reserved	105,290	13,221	-	108,697
30880	Unreserved	-	-	119,262	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	3,164	-	-	-
340	Charges for Goods and Services	-	10,208	18,892	(5,618)
350	Fines and Penalties	-	-	-	68,606
360	Miscellaneous Revenues	-	-	78,106	-
Total Revenues:		3,164	10,208	96,998	62,988
Expenditures					
510	General Government	-	-	-	77,013
520	Public Safety	-	-	78,608	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	95,000	-	-	-
570	Culture and Recreation	-	14,347	-	-
Total Expenditures:		95,000	14,347	78,608	77,013
Excess (Deficiency) Revenues over Expenditures:		(91,836)	(4,139)	18,390	(14,025)
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	16,203	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		16,203	-	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	7,886	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	-	7,886	-
Increase (Decrease) in Cash and Investments:		(75,633)	(4,139)	10,504	(14,025)
Ending Cash and Investments					
5081000	Reserved	29,657	9,082	-	94,672
5088000	Unreserved	-	-	129,765	-
Total Ending Cash and Investments		29,657	9,082	129,765	94,672

Okanogan County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

		111 PROBATION SERVICES	112 COUNTY FAIR	113 BECCA BILL IMPACT	114 PATH & TRAILS
Beginning Cash and Investments					
30810	Reserved	52,267	-	29,880	34,791
30880	Unreserved	-	157,197	-	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	34,295	66,588	17,530
340	Charges for Goods and Services	177,890	99,406	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	39,179	-	177
Total Revenues:		177,890	172,880	66,588	17,707
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	147,172	-	55,151	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	193,466	-	-
Total Expenditures:		147,172	193,466	55,151	-
Excess (Deficiency) Revenues over Expenditures:		30,718	(20,586)	11,437	17,707
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	2,225	-	-
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	2,225	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	16,000
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	-	-	16,000
Increase (Decrease) in Cash and Investments:		30,718	(18,361)	11,437	1,707
Ending Cash and Investments					
5081000	Reserved	82,985	-	41,316	36,498
5088000	Unreserved	-	138,836	-	-
Total Ending Cash and Investments		82,985	138,836	41,316	36,498

Okanogan County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

		117 OK CO INFRASTRUCTURE FUND	119 PEST CONTROL	120 TCS-911 COMMUNICATIONS	121 EMERGENCY SERVICES
Beginning Cash and Investments					
30810	Reserved	842,480	-	529,001	-
30880	Unreserved	-	159,917	-	112,759
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	607,404	-	365,773	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	530	1,260,122	45,631
340	Charges for Goods and Services	-	-	16,523	47,904
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	6,409	62,587	314	497
Total Revenues:		613,813	63,117	1,642,732	94,032
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	815,408	193,433
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	104,100	78,989	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	40,000	-	-	-
Total Expenditures:		144,100	78,989	815,408	193,433
Excess (Deficiency) Revenues over Expenditures:		469,713	(15,872)	827,324	(99,401)
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	70,307
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	70,307
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	1,081,362	-
591-593, 599	Debt Service	239,225	-	-	-
597	Transfers-Out	202,918	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		442,143	-	1,081,362	-
Increase (Decrease) in Cash and Investments:		27,570	(15,872)	(254,038)	(29,094)
Ending Cash and Investments					
5081000	Reserved	870,050	-	274,963	-
5088000	Unreserved	-	144,045	-	83,665
Total Ending Cash and Investments		870,050	144,045	274,963	83,665

Okanogan County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

		124 SHERIFF'S SPECIAL PROJECTS	125 OKANOGAN CO PARKS &	126 STADIUM/TOUR ISM	127 FACILITIES
Beginning Cash and Investments					
30810	Reserved	-	-	318,466	-
30880	Unreserved	101,776	70,611	-	226,182
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	-	-	469,291	28,873
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	11,123	45,817	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	17,042	240	-	109,871
Total Revenues:		28,164	46,057	469,291	138,744
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	24,365	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	411,979	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	54,023	-	214,737
Total Expenditures:		24,365	54,023	411,979	214,737
Excess (Deficiency) Revenues over Expenditures:		3,800	(7,966)	57,312	(75,993)
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	90,000
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	-	75,000
Total Other Increases in Fund Resources:		-	-	-	165,000
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	260,505
591-593, 599	Debt Service	-	-	-	29,569
597	Transfers-Out	-	-	90,000	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	-	90,000	290,074
Increase (Decrease) in Cash and Investments:		3,800	(7,966)	(32,688)	(201,067)
Ending Cash and Investments					
5081000	Reserved	-	-	285,778	-
5088000	Unreserved	105,575	62,645	-	25,115
Total Ending Cash and Investments		105,575	62,645	285,778	25,115

Okanogan County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

		129 CRIME VICTIMS COMPENSATIO	132 DRUG TASK FORCE	134 CAPITAL IMPROVEMENT TAX	137 TITLE III PROJECTS
Beginning Cash and Investments					
30810	Reserved	5,930	582,294	463,141	156,522
30880	Unreserved	-	-	-	-
388 / 588	Prior Period Adjustments, Net	75	-	-	-
Revenues					
310	Taxes	-	-	390,140	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	64,939	112,073	34,113	-
340	Charges for Goods and Services	28,495	29,000	-	-
350	Fines and Penalties	2,697	4,501	-	-
360	Miscellaneous Revenues	1,539	20,942	3,758	603
Total Revenues:		97,671	166,516	428,011	603
Expenditures					
510	General Government	89,138	-	-	-
520	Public Safety	-	140,926	-	34,551
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		89,138	140,926	-	34,551
Excess (Deficiency) Revenues over Expenditures:		8,532	25,590	428,011	(33,948)
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	6,000	95,000	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	6,000	95,000	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	264,365	-
591-593, 599	Debt Service	-	-	213,804	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	-	478,169	-
Increase (Decrease) in Cash and Investments:		8,532	31,590	44,842	(33,948)
Ending Cash and Investments					
5081000	Reserved	14,538	613,884	507,983	122,573
5088000	Unreserved	-	-	-	-
Total Ending Cash and Investments		14,538	613,884	507,983	122,573

Okanogan County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

		141 AFFORDABLE HOUSING	142 COUNTY HOMELESS	143 THERAPEUTIC COURT	144 REET/REVALV
Beginning Cash and Investments					
30810	Reserved	10,197	135,237	370,204	156,730
30880	Unreserved	-	-	-	-
388 / 588	Prior Period Adjustments, Net	-	217	-	-
Revenues					
310	Taxes	-	-	668,915	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	17,366
340	Charges for Goods and Services	37,103	192,527	2,142	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	-	-	-
Total Revenues:		37,103	192,527	671,057	17,366
Expenditures					
510	General Government	-	-	165,094	5,000
520	Public Safety	-	-	100,289	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	10,197	229,722	-	-
560	Social Services	-	-	494,852	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		10,197	229,722	760,235	5,000
Excess (Deficiency) Revenues over Expenditures:		26,906	(37,195)	(89,178)	12,366
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	47,456	-	-	-
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		47,456	-	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	-	-	-
Increase (Decrease) in Cash and Investments:		74,362	(37,195)	(89,178)	12,366
Ending Cash and Investments					
5081000	Reserved	84,559	98,259	281,026	169,097
5088000	Unreserved	-	-	-	-
Total Ending Cash and Investments		84,559	98,259	281,026	169,097

Okanogan County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

		145 BOATING SAFETY	195 TRIAL COURT IMPROVEMENT	402 LIBERTY WOODLANDS SEWER	405 SOLID WASTE ENTERPRISE
Beginning Cash and Investments					
30810	Reserved	-	143,340	106,869	10,059,788
30880	Unreserved	-	-	-	2,692,627
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	11,560	37,518	-	41,081
340	Charges for Goods and Services	-	7,470	17,929	2,650,868
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	-	547	182,188
Total Revenues:		11,560	44,988	18,477	2,874,137
Expenditures					
510	General Government	-	37,322	-	-
520	Public Safety	12,692	-	-	-
530	Utilities	-	-	43,319	1,984,619
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		12,692	37,322	43,319	1,984,619
Excess (Deficiency) Revenues over Expenditures:		(1,132)	7,666	(24,843)	889,518
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	2,220	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	48,333
381, 395, 398	Other Resources	-	-	-	1,371,355
Total Other Increases in Fund Resources:		2,220	-	-	1,419,687
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	22,002	-	108,820
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	2,400
581	Other Uses	-	-	-	2,075,000
Total Other Decreases in Fund Resources:		-	22,002	-	2,186,220
Increase (Decrease) in Cash and Investments:		1,088	(14,336)	(24,843)	122,986
Ending Cash and Investments					
5081000	Reserved	1,088	129,003	82,026	9,873,512
5088000	Unreserved	-	-	-	3,001,888
Total Ending Cash and Investments		1,088	129,003	82,026	12,875,400

Okanogan County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

		406 MAZAMA WQPS	407 CONCONULLY SEWER	408 EDELWEISS SEWER SYSTEM	410 EASTLAKE UTILITY CONSTRUCTIO
Beginning Cash and Investments					
30810	Reserved	171,323	101,656	61,602	7,202
30880	Unreserved	-	-	-	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	82,451
340	Charges for Goods and Services	-	95,166	12,837	17,650
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	1,240	1,691	276	19
Total Revenues:		1,240	96,857	13,112	100,120
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	4	74,236	14,061	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		4	74,236	14,061	-
Excess (Deficiency) Revenues over Expenditures:		1,236	22,621	(948)	100,120
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	207,524
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	207,524
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	-	306,946
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	-	-	306,946
Increase (Decrease) in Cash and Investments:		1,236	22,621	(948)	698
Ending Cash and Investments					
5081000	Reserved	172,558	124,276	60,653	7,900
5088000	Unreserved	-	-	-	-
Total Ending Cash and Investments		172,558	124,276	60,653	7,900

Okanogan County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

		501 EQUIPMENT EQUIPMENT	504 M.A.R.C	710 BERG TRUST
Beginning Cash and Investments				
30810	Reserved	2,927,729	280,346	264,435
30880	Unreserved	-	-	-
388 / 588	Prior Period Adjustments, Net	-	-	-
Revenues				
310	Taxes	-	-	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	-	53,929	-
340	Charges for Goods and Services	4,059,867	33,892	-
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	15,987	1,527	2,016
Total Revenues:		4,075,855	89,349	2,016
Expenditures				
510	General Government	-	73,479	-
520	Public Safety	-	-	-
530	Utilities	-	-	-
540	Transportation	2,389,397	-	-
550	Natural and Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
Total Expenditures:		2,389,397	73,479	-
Excess (Deficiency) Revenues over Expenditures:		1,686,457	15,869	2,016
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	-	-	-
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	-	-	-
381, 395, 398	Other Resources	69,396	-	-
Total Other Increases in Fund Resources:		69,396	-	-
Other Decreases in Fund Resources				
594-595	Capital Expenditures	1,597,387	-	-
591-593, 599	Debt Service	-	-	-
597	Transfers-Out	-	-	-
585	Special or Extraordinary Items	-	-	-
586 / 589	Custodial Activities	-	-	-
581	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		1,597,387	-	-
Increase (Decrease) in Cash and Investments:		158,466	15,869	2,016
Ending Cash and Investments				
5081000	Reserved	3,086,195	296,217	266,451
5088000	Unreserved	-	-	-
Total Ending Cash and Investments		3,086,195	296,217	266,451

Okanogan County
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

		Total for All Funds (Memo Only)	Investment Trust	Private-Purpose Trust	Agency
308	Beginning Cash and Investments	72,254,297	48,718,604	720,121	22,815,572
388 & 588	Prior Period Adjustment, Net	-	-	-	-
310-390	Additions	836,234,765	608,115,398	(135,595)	228,254,961
510-590	Deductions	838,678,547	608,533,641	-	230,144,906
	Net Increase (Decrease) in Cash and Investments:	(2,443,782)	(418,242)	(135,594)	(1,889,944)
508	Ending Cash and Investments	69,810,515	48,300,361	584,526	20,925,628

The accompanying notes are an integral part of this statement.

Okanogan County
Notes to the Financial Statements
For the year ended December 31, 2017

Note 1 - Summary of Significant Accounting Policies

Okanogan County was incorporated on February 22, 1888 and operates under the laws of the state of Washington applicable to a fourth class county with a commissioner form of government. Okanogan County is a general purpose local government and provides the community, along with its component units (cemetery, flood control, irrigation, water, hospital, school districts, cities/towns), public safety, fire prevention, health and social services, street improvement, parks and recreation, weed and pest controls, and general administrative services. In addition, the County, at this time, owns and operates various sewer systems.

Okanogan 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 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.

Permanent Funds

These funds account for financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support programs for the benefit of the government or its citizenry.

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

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

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

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

Fund/Department	Final Appropriated	Actual Expenditures	Variance
<u>General Fund:</u>			
001. Advanced Expenditures	\$11,050	\$2,423	\$8,627
002. County Agent	\$86,250	\$53,974	\$32,276
003. County Assessor	\$926,471	\$919,137	\$7,334
004. County Auditor	\$518,816	\$483,922	\$34,894
005. Planning	\$752,596	\$720,229	\$32,367
006. County Clerk	\$543,492	\$542,265	\$1,227
007. County Commissioners	\$666,201	\$665,774	\$427
008. County Coroner	\$141,732	\$140,040	\$1,692
009. Courthouse Maintenance	\$539,032	\$513,980	\$25,052
010. Disability Board	\$500	\$64	\$436
011. District Court	\$845,954	\$818,191	\$27,763
012. Equalization Board	\$3,281	\$1,748	\$1,533
013. County Jail	\$3,977,436	\$3,889,186	\$88,250
014. County Juvenile	\$1,710,431	\$1,684,482	\$25,949
015. Non-Departmental	\$5,162,080	\$3,797,707	\$1,364,373
016. County Prosecutor	\$1,380,450	\$1,331,773	\$48,677
017. County Sheriff	\$3,863,504	\$3,786,095	\$77,409
019. State Examiner	\$58,000	\$57,204	\$796
020. Superior Court	\$602,847	\$601,764	\$1,083
021. County Treasurer	\$523,615	\$507,029	\$16,586
022. Civil Service Commission	\$5,800	\$4,318	\$1,482
023. Building	\$312,775	\$311,055	\$1,720
024. Communications	\$763,000	\$720,600	\$42,400
026. Central Services	\$263,834	\$261,534	\$2,300
027. Elections	\$249,082	\$228,291	\$20,791
Total General Fund	\$23,908,229	\$22,042,785	\$1,865,444

Fund/Department	Final Appropriated	Actual Expenditures	Variance
<u>Miscellaneous Funds:</u>			
101. Veteran's Fund	\$82,204	\$68,998	\$13,206
102. Road Fund	\$13,292,952	\$11,839,435	\$1,453,517
103. Noxious Weed	\$697,760	\$652,719	\$45,041
104. Mental Health	\$70,000	\$40,508	\$29,492
105. Developmental Disabilities	\$60,000	\$60,000	\$0
106. County Drug Control	\$40,000	\$238	\$39,762
107. Alcohol/Drug Control	\$95,000	\$95,000	\$0
108. Law Library	\$14,800	\$14,346	\$454
109. Jail Commissary	\$96,435	\$86,494	\$9,941
110. Treasurer's O & M	\$97,937	\$77,012	\$20,925
111. Probation Services	\$147,826	\$147,172	\$654
112. County Fair	\$203,820	\$193,465	\$10,355
113. Becca Bill	\$55,635	\$55,151	\$484
114. Paths and Trails	\$16,000	\$16,000	\$0
116. Flood Control	\$15,510	\$5,090	\$10,420
117. Infrastructure	\$687,400	\$586,243	\$101,157
119. Pest Control	\$81,533	\$78,989	\$2,544
120. TSC-911 Communications	\$2,033,123	\$1,896,769	\$136,354
121. Emergency Services	\$197,248	\$193,432	\$3,816
122. Sewer & Water	\$1,000	\$643	\$357
123. Solid Waste Closure	\$2,394,195	\$2,076,025	\$318,170
124. Sheriff's Special Projects	\$121,300	\$24,365	\$96,935
125. Park & Rec-Snowmobile	\$59,030	\$54,023	\$5,007
126. Stadium Tourism	\$614,080	\$501,979	\$112,101
127. Facilities	\$534,600	\$504,810	\$29,790
129. Crime Victims' Comp.	\$98,373	\$89,062	\$9,311
130. WSU Publication/Mtg.	\$959	\$553	\$406
132. Drug Task Force	\$353,852	\$140,925	\$212,927
134. Capital Improvement Tax	\$809,447	\$478,169	\$331,278
136. Medical Ins. Reserve	\$954	\$0	\$954
137. Title III Projects	\$98,000	\$34,551	\$63,449
141. Affordable Housing	\$38,000	\$10,197	\$27,803
142. County Homeless	\$218,700	\$229,504	(\$10,804)
143. Therapeutic Court Fund	\$805,316	\$760,235	\$45,081
144. REET/REVALV	\$6,000	\$5,000	\$1,000

145. Boating Safety	\$16,692	\$12,692	\$4,000
Fund/Department	Final Appropriated	Actual Expenditures	Variance
195. Trial Court Improvement	\$95,441	\$59,324	\$36,117
196. Equipment Reserve Fund	\$138,228	\$136,276	\$1,952
197. Vehicle Reserve fund	\$110,000	\$0	\$110,000
198. Current Expense Reserve	\$780,711	\$780,711	\$0
199. Elections Reserve Fund	\$0	\$0	\$0
402. Liberty Woodlands Sewer	\$46,030	\$43,319	\$2,711
405. Solid Waste Enterprise	\$3,699,500	\$2,567,413	\$1,132,087
406. Mazama Water Quality	\$440	\$4	\$436
407. Conconully Lakes Sewer	\$85,075	\$74,236	\$10,839
408. Edelweiss Sewer System	\$13,845	\$14,060	(\$215)
410. Eastlake Utility Construct.	\$307,800	\$306,946	\$854
501. ER&R	\$4,855,750	\$3,986,784	\$868,966
504. M.A.R.C.	\$106,298	\$73,478	\$32,820
Total Miscellaneous Funds	\$34,394,799	\$29,072,345	\$5,322,454

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 Okanogan County's Board of County Commissioners.

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 \$5,000 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 30 days and is payable upon separation or retirement. Sick leave may be accumulated up to 960 hours. Upon separation or retirement employees do receive payment for unused sick leave for 25% of all sick leave hours over 700 hours accrued. Payments are recognized as expenditures when paid.

G. Long-Term Debt

See Note 5, *Debt Service Requirements*.

H. 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 the Board of Commissioners. When expenditures that meet restrictions are incurred, Okanogan County intends to use reserved resources first before using unreserved amounts.

Reservations of Ending Cash and Investments consist of:

<u>Fund #</u>	<u>Fund Name</u>	<u>Amount</u>	<u>Purpose of Reserved Funds</u>
101	Veteran's Relief	36,510	For the relief of indigent veterans, their families, and the families of deceased indigent veterans (RCW 73.08)
102	Road Fund	4,012,339	For the construction, alteration, repair, improvement, or maintenance of county roads (RCW 36.82)
104	Mental Health	117,071	To provide or coordinate mental health community services (RCW 71.20)
105	Developmental Disabilities	25,129	To provide or coordinate community services for persons with developmental disabilities (RCW 71.20)
106	County Drug Control	25,764	Law enforcement drug control efforts/services (RCW 66.08)
107	Alcohol/Drug Abuse	29,657	Alcohol and/or drug abuse services (RCW 84.56)
108	Law Library	9,082	Law library services for the public (RCW 27.24)
110	Treasurer's O & M	94,672	Treasurer operations and maintenance fund (RCW 84.56)
111	Probation Services	82,985	Probation services (RCW 10.64)
113	BECCA Bill Impact Fund	41,316	Services provided under the family reconciliation act (truancy programs) (RCW 13.32A)
114	Path & Trails	36,498	Constructing, maintaining and improving of county bicycle paths, lanes, routes, etc. (RCW 36.82)
117	OK CO Infrastructure Fund	870,050	Financing of public facilities serving economic development in rural counties (RCW 82.14.370)
120	TSC-911 Communications	274,963	911 emergency communications services (RCW 82.14B)
126	Stadium/Tourism Fund	285,778	Tourism and agricultural promotion (RCW 67.28)
129	Crime Victims' Compensation	14,538	Comprehensive services to victims and witnesses of all types of crime (RCW 7.68)
132	Drug Task Force	613,884	Expansion and improvement of controlled substances related law enforcement activity (RCW 69.50)
134	Capital Improvement Tax	507,983	Preserve, prevent the decline of, or extend the useful life of a capital project (RCW 82.46)
135	DSHS Timber Passthrough	3,008	Unspent specialized grant funds - internal committed (resolution 82-97)
137	Title III Projects	122,573	For activities under the Firewise Communities Program (Title 16USC Section 500)
141	Affordable Housing Fund	84,559	Housing activities that serve extremely low and very low-income households in the county (RCW 36.22)
142	County Homeless	98,259	Operating costs for emergency shelters and licensed overnight youth shelters (RCW 36.22)
143	Therapeutic Court Fund	281,026	For the operation or delivery of chemical dependency, mental health and therapeutic court programs/services (RCW 82.14)
144	REET/REVALV	169,097	Maintenance and operation of an annual revaluation system for property tax valuation and excise tax affidavits (RCW 82.45)
145	Boating Safety	1,088	For boating safety (RCW 88.02.650)

195	Trial Court Improvement	129,003	Fund improvements to superior and district court staffing, programs, facilities, or services (RCW 3.58)
402	Liberty Woodlands Sewer System	82,026	Sewer enterprise fund (RCW 36.94)
405	Solid Waste Enterprise	9,873,512	For the operation, closure, post-closure, financial and monitoring requirements for waste facilities (173-303 WAC)
406	Mazama WQPS	172,558	Sewer enterprise fund (RCW 36.94)
407	Conconully Sewer	124,276	Sewer enterprise fund (RCW 36.94)
408	Edelweiss Sewer System	60,653	Sewer enterprise fund (RCW 36.94)
410	Eastlake Utility Construction	7,900	Utility enterprise fund (RCW 36.94)
501	Equipment Rental & Revolving Fund	3,086,195	For the purchase, maintenance, and repair of county road department equipment (RCW 36.33A)
504	M.A.R.C. Fund	296,217	For ongoing preservation of historical documents of all county offices and departments (RCW 36.22)

Note 2 – Deposits and Investments

It is the Okanogan County's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds.

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

Investments are reported at original cost. Investments by type at December 31, 2017 are as follows:

<u>Type of Investment</u>	<u>Okanogan County's own investments</u>	Investments held by Okanogan County as an agent for other local governments, individuals or <u>private organizations</u>	<u>Total</u>
U.S. Government Securities/Money Market		59,362,594.75	59,362,594.75
L.G.I.P./State Pool	1,020,783.14		1,020,783.14
Time Value Investment	4,052,000.00		4,052,000.00
Hospital Dist #1 Registered Warrants		0.00	0.00
Hospital Dist #3 Registered Warrants		0.00	0.00
Hospital Dist #4 Registered Warrants		0.00	0.00
County Residual		337,405.25	337,405.25
Washington Federal Bank	20,213,724.88		20,213,724.88
Total	25,286,508.02	59,700,000.00	84,986,508.02

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/after) the end of each month. Property tax revenues are recognized when cash is received by county. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

Okanogan County's regular levy for the year 2017 was \$1.55049 per \$1,000 on an assessed valuation of \$3,950,076,026 for a total regular levy of \$6,122,812.

Okanogan County is also authorized to levy for road construction and maintenance in unincorporated areas. This levy is subject to the same limitations as the levy for general government services. Okanogan County's road levy for 2017 was \$1.262253 per \$1,000 on an assessed valuation of \$2,908,415,785 for a total road levy of \$3,671,157.

Note 4 - Interfund Loans

The following table displays interfund loan activity during 2017:

Borrowing Fund	Lending Fund	Balance 1/1/2017	New Loans	Repayments	Balance 12/31/2017
001.000.000 Current Expense	123.000.000 Solid Waste Closure Reserve	0.00	2,000,000.00	1,333,334.00	666,666.00
127.000.000 Facilities	123.000.000 Solid Waste Closure Reserve	0.00	75,000.00	0.00	75,000.00
	TOTAL:	0.00	2,075,000.00	1,333,334.00	741,666.00

Note 5 – Debt Service Requirements

Debt Service

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, 2017.

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

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2018	506,396.35	132,589.83	638,986.18
2019	516,396.35	123,598.66	639,995.01
2020	526,396.35	112,357.49	638,753.84
2021	536,396.35	100,816.32	637,212.67
2022	551,396.35	88,856.40	640,252.75
2023-2027	1,705,802.84	289,520.45	1,995,323.29
2028-2032	1,411,683.58	145,836.61	1,557,520.19
2033-2037	942,346.86	25,427.43	967,774.29
TOTAL	6,696,815.03	1,019,003.19	7,715,818.22

Debt Refunding

In 2017, Okanogan County does not have any Debt Refunding to report.

Debt Guarantees

In 2017, Okanogan County does not have any Debt Guarantees to report

Note 6 – Pension Plans

A. State Sponsored Pension Plans

Substantially all Okanogan County's 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 (PERS) and the 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
P.O. Box 48380
Olympia, WA 98540-8380

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

At June 30, 2017, the Okanogan County's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$ 612,397	% .101807	\$ 4,830,821
PERS 2/3	\$ 712,924	% .116722	\$ 4,055,532
PSERS 2	\$ 38,203	% .163736	\$ 32,081
LEOFF 1		% .006427	(\$ 97,512)
LEOFF 2	\$113,842.52	% .072064	(\$1,000,015)

LEOFF Plan 1

Okanogan 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 – Risk Management

Okanogan County is a member of the Washington Counties Risk Pool (“Pool”). The Washington Counties Risk Pool (“WCRP” or “Pool”), “Created by Counties for Counties” in August 1988, is an association of member counties independent of all other associations of which the counties are members. Its foundational agreement authorized the Pool’s creation pursuant to Chapters 48.62 and 39.34 Revised Code of Washington (“RCW”) “to provide member counties programs of joint self-insurance, joint purchasing of insurance, and joint contracting for or hiring of personnel to provide risk management, claims handling, and administrative services.”

The WCRP is not an “insurer” (RCW 48.01.050) or an insurance company and is not subject to the special laws and rules that govern insurers and insurance companies. Washington’s pools operate under the State’s “pooling” laws and regulations, specifically RCW 48.62 and Washington Administrative Code (“WAC”) 200-100. Pools are risk-sharing entities that must first be approved by and are thereafter overseen by and report to the State Risk Manager. They are not regulated by the Office of the Insurance Commissioner. As public entities, pools are subject to annual audits by the State Auditor’s Office.

The Pool is governed by a board of directors consisting of one director (and at least one alternate director) from each member county that represent their county and are appointed by their county’s legislative authority. The Board of Directors, which includes both elected and appointed officials, meets at least three times each year with the Pool’s Annual Meeting being held each summer. The Board’s responsibilities include: a) determining the risk-sharing extent of the 3rd-party self-insured liability coverage by approving the insuring document (coverage form), b) selecting the reinsurance(s) to acquire and the excess insurance(s) to jointly-purchase or offer for “member option” purchase, c) approving the Pool’s annual operating budget(s) and work program(s), and d) approving the members’ deposit assessments and, when necessary, reassessments.

Regular oversight of the Pool’s operations is furnished by an 11-person executive committee. The committeepersons are elected by the Pool’s board of directors from its membership to staggered 3-year terms. The committee meets several times throughout the year to approve all Pool disbursements and examine the Pool’s financial health; to approve any case settlement exceeding the member’s deductible by at least \$50,000, and to review all claims with incurred loss estimates exceeding \$100,000; to evaluate the Executive Director and the Pool’s operations and program deliverables; and to participate in the board’s standing committees (finance, personnel, risk management, and underwriting) for development or review/revision of the organization’s policies and coverage documents.

The Department of Enterprise Services, through the Risk Management Division, administers the Local Government Self-Insurance Program (LGSI). The program provides approval and oversight of joint self-insured local government property/liability programs under the provisions of Chapter 48.62 RCW and WAC 200-100. The most recently published examination reports are available for viewing at: <http://www.des.wa.gov/services/Risk/Self-Insurance/Pages/poolReports.aspx>

The Pool is a cooperative program with joint liability amongst its participating members. Contingent liabilities occur when assets are not sufficient to cover liabilities. Deficits of the Pool resulting from any fiscal year are financed by reassessments (aka retroactive assessments) placed upon the deficient year's membership in proportion with the deposit assessments initially levied and collected.

The county budgets an amount annually to cover the self-insured portion of claims and adjusting expenses. No reserve funds are maintained for this purpose, and no accruals are made for estimated settlement values for open litigation. Insurance premiums are paid by each fund having separate insurable interests; most claims not covered by insurance are paid by the Current Expense Fund out of the Non-Departmental budget.

For more information on the Washington Counties Risk Pool including financial information, please visit <https://www.wcrp.info/>

Note 8 – Fiduciary Activities

Washington State law requires counties to act as a fiscal agent on behalf of special purpose districts. The resources collected and held for these districts in a custodial capacity were previously omitted from the financial statements. Starting in fiscal year 2017, counties are required to report the custodial amounts on their financial statements. This requirement resulted in addition of \$68,777,099 in custodial deposits reported in the statement of *Fiduciary Fund Resources and Uses Arising from Cash Transactions* for the year ended December 31, 2017. In addition, these amounts are now required to be presented by fund type rather than by individual fund.

Note 9 - Other Disclosures

A. Accounting and Reporting Changes

1. The funds that are combined (otherwise known as “roll up”) per BARS manual instructions into other funds are as follows:

General Fund #001 Includes:

- #130 – WSU Extension Office Fund
- #135 – DSHS Timber Pass Through Fund
- #136 – Medical Insurance Reserve Fund
- #196 – Equipment Reserve Fund
- #197 – Vehicle Reserve Fund
- #198 – Current Expense Reserve Fund
- #199 – Elections Equipment Reserve Fund

Road Fund #102 includes:

- #116 – County Flood Control Fund

#122 – Sewer and Water Fund

Solid Waste Fund #405 includes:

#123 – Solid Waste Closure Reserve Fund

2. The County combined (roll up) funds as noted in section 1 above necessitate the elimination of transfers in and out between combined funds in order to properly report revenue and expenditures. Because the net value of these transactions is zero, the elimination of these transactions has no material impact to the financial statements. The following transfer entries were eliminated from the financial statements:

General Fund Roll-Up

Fund #	Transfer In	Fund #	Transfer Out
001	\$ 750,000.00	198	\$ 750,000.00
001	\$ 30,710.84	198	\$ 30,710.84
001	\$ 0.03	136	\$ 0.03
196	\$ 62,000.00	001	\$ 62,000.00
196	\$ 30,000.00	001	\$ 30,000.00
199	\$ 30,000.00	001	\$ 30,000.00
	\$ 902,710.87		\$ 902,710.87

Solid Waste Fund Roll-Up

Fund #	Transfer In	Fund #	Transfer Out
123	\$ 16,000.00	405	\$ 16,000.00
123	\$ 16,000.00	405	\$ 16,000.00
123	\$ 333,000.00	405	\$ 333,000.00
123	\$ 110,000.00	405	\$ 110,000.00
	\$ 475,000.00		\$ 475,000.00

GO Bond Fund Roll-Up

Fund #	Transfer In	Fund #	Transfer Out
201	\$ 482.64	127	\$ 482.64
201	\$ 28,873.14	127	\$ 28,873.14
201	\$ 108,421.86	134	\$ 108,421.86
201	\$ 1,812.36	134	\$ 1,812.36
201	\$ 21,812.50	117	\$ 21,812.50
201	\$ 216,812.50	117	\$ 216,812.50
201	\$ 26,203.13	134	\$ 26,203.13
201	\$ 76,203.13	134	\$ 76,203.13
	\$ 480,621.26		\$ 480,621.26

3. The County utilizes a debt service fund (#201). This fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest. However, in order to properly report the debt service transactions, the transfer transactions (see item #2) have been eliminated and the expenditure transactions have been

indicated in each appropriate fund on the financial statements. The expenditure transactions are as follows:

<u>Fund#</u>	<u>BARS code</u>		<u>Amount</u>
134	5911870	\$	50,000.00
134	5921880	\$	52,406.26
117	5919570	\$	195,000.00
117	5929580	\$	43,625.00
127	5911970	\$	28,390.50
127	5921980	\$	965.28
134	5911870	\$	106,609.50
134	5921880	\$	3,624.72
			<hr/>
			\$ 480,621.26

4. While compiling the information for this year's report, it was discovered that there was a miss calculation for LEOFF 1 on the 2016 Schedule 09 report. So the resulting report for this year indicates no activity, however, this was done to correct the miss calculation from 2016.

B. Extraordinary Events

Okanogan County suffered record setting widespread wildfires during 2014 and 2015 causing extensive damage throughout the county. Property tax refunds have been and continue to be processed for citizens who have been impacted by these fires. As of the date of the completion of this report, the following property tax refund amounts have been processed per the County's Treasurer's office:

Processed in 2015:

Carlton Complex Fire - \$89,910.71 in property tax refunds
Okanogan Complex Fire - \$32,840.68 in property tax refunds

Processed in 2016:

Carlton Complex Fire - \$804.15 in property tax refunds
Okanogan Complex Fire - \$22,456.85 in property tax refunds

Processed in 2017:

Carlton Complex Fire - \$626.92 in property tax refunds
Okanogan Complex Fire - \$448.32 in property tax refunds

**Okanogan County
Schedule of Liabilities
For the Year Ended December 31, 2017**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	Advance Refunding 2003 LTGO	12/1/2023	1,505,000	-	195,000	1,310,000
251.11	QECB 2013	12/1/2033	975,000	-	50,000	925,000
251.11	Refinanced 1998 LTGO Bond	12/1/2017	135,000	-	135,000	-
Total General Obligation Debt/Liabilities:			2,615,000	-	380,000	2,235,000
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absences-County		1,094,250	33,500	-	1,127,750
259.12	Compensated Absences-Public Works		258,604	48,131	-	306,735
263.12	County Claims & Judgements		819	633,361	434,180	200,000
263.99	LEOFF 1 Retirees		2,567,066	-	-	2,567,066
252.11	PW-04-691-PRE-127 Eastside Osoyoos LK Sewer Utility	6/1/2024	336,476	-	42,060	294,416
252.11	PW-06-962-032 Eastside Osoyoos LK Sewer Utility	6/1/2036	4,386,733	-	219,337	4,167,396
259.12	Compensated Absences-Solid Waste		47,884	7,953	-	55,837
263.22	Public Works Landfills Closure Reserve		4,530,209	355,890	-	4,886,099
263.22	Public Works Landfills Post Closure Reserve		1,835,817	119,547	-	1,955,364
264.30	Pension Liability		12,449,290	-	3,530,856	8,918,434
Total Revenue and Other (non G.O.) Debt/Liabilities:			27,507,148	1,198,382	4,226,433	24,479,097
Total Liabilities:			30,122,148	1,198,382	4,606,433	26,714,097

Okanogan County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017

Federal Agency (Pass-Through Agency)	Federal Program	Expenditures					Passed through to Subrecipients	Note
		CFDA Number	Other Award Number	From Pass- Through Awards	From Direct Awards	Total		
Child Nutrition Cluster								
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via State of Washington Superintendent of Schools)	National School Lunch Program	10.555	159859	16,365	-	16,365	-	
	Total Child Nutrition Cluster:			16,365	-	16,365	-	
Forest Service Schools and Roads Cluster								
FOREST SERVICE, AGRICULTURE, DEPARTMENT OF	Schools and Roads - Grants to States	10.665	None-Title III	-	34,551	34,551	34,551	
FOREST SERVICE, AGRICULTURE, DEPARTMENT OF	Schools and Roads - Grants to States	10.665	None-Road	-	90,080	90,080	-	
Total Forest Service Schools and Roads Cluster:				-	124,631	124,631	34,551	
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION, COMMERCE, DEPARTMENT OF (via Upper Columbia Salmon Recovery Board)	Pacific Coast Salmon Recovery Pacific Salmon Treaty Program	11.438	09-1588N	8,198	-	8,198	-	
Office of Community Planning and Development, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via WA State Department of Commerce)	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	16-62210-011	78,587	-	78,587	78,587	
Office of Community Planning and Development, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via WA State Department of Commerce)	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	16-62210-029	33,600	-	33,600	33,600	

The accompanying notes are an integral part of this schedule.

Okanogan County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
Office of Community Planning and Development, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via WA State Department of Commerce)	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	17-62210-011	15,127	-	15,127	15,127	
Office of Community Planning and Development, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via WA State Department of Commerce)	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	15-62210-035	788,985	-	788,985	788,985	
Total CFDA 14.228:				916,299	-	916,299	916,299	
OFFICE ON VIOLENCE AGAINST WOMEN (OVW), JUSTICE, DEPARTMENT OF (via The Support Center)	Violence Against Women Formula Grants	16.588	F16-31103-082- SHERSPEC	3,259	-	3,259	-	
OFFICE ON VIOLENCE AGAINST WOMEN (OVW), JUSTICE, DEPARTMENT OF (via The Support Center)	Violence Against Women Formula Grants	16.588	F16-31103-082- CRIMEVICTIM	21,828	-	21,828	-	
Total CFDA 16.588:				25,086	-	25,086	-	
Bureau of Justice Assistance, JUSTICE, DEPARTMENT OF (via Wa State Department of Commerce)	Edward Byrne Memorial Justice Assistance Grant Program	16.738	F16-31440-012	106,418	-	106,418	-	
Highway Planning and Construction Cluster								
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Department of Transportation)	Highway Planning and Construction	20.205	LA-8486	62,749	-	62,749	-	

The accompanying notes are an integral part of this schedule.

Okanogan County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Department of Transportation)	Highway Planning and Construction	20.205	LA-8061	107	-	107	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Department of Transportation)	Highway Planning and Construction	20.205	LA-8787	29,087	-	29,087	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Department of Transportation)	Highway Planning and Construction	20.205	LA-8804	618,684	-	618,684	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Department of Transportation)	Highway Planning and Construction	20.205	LA-8805	260,934	-	260,934	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Department of Transportation)	Highway Planning and Construction	20.205	LA-8677	151	-	151	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Department of Transportation)	Highway Planning and Construction	20.205	LA-8986	9,900	-	9,900	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Department of Transportation)	Highway Planning and Construction	20.205	LA-9192	223,231	-	223,231	-	

The accompanying notes are an integral part of this schedule.

Okanogan County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Department of Transportation)	Highway Planning and Construction	20.205	LA-9083	500,000	-	500,000	-	
Total Highway Planning and Construction Cluster:				1,704,845	-	1,704,845	-	
Highway Safety Cluster								
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Traffic Safety)	State and Community Highway Safety	20.600	None	3,959	-	3,959	-	
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Traffic Safety)	State and Community Highway Safety	20.600	None	9,134	-	9,134	-	
Total Highway Safety Cluster:				13,093	-	13,093	-	
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATOR, TRANSPORTATION, DEPARTMENT OF (via WA State Military Department)	Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	E-17-047	1,250	-	1,250	-	
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Department of Social and Health Services)	Child Support Enforcement	93.563	2110-80580- PROS	126,629	-	126,629	-	3

The accompanying notes are an integral part of this schedule.

Okanogan County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note	
				From Pass- Through Awards	From Direct Awards	Total			
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Department of Social and Health Services)	Child Support Enforcement	93.563	2110-80580- CLERK	40,193	-	40,193	-	3	
			Total CFDA 93.563:			166,822	-	166,822	-
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military Department)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-10-WA-4243 -PW-00047	257,774	-	257,774	-	2	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military Department)	Homeland Security Grant Program	97.067	E17-181	80,003	-	80,003	-		
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military Department)	Homeland Security Grant Program	97.067	E16-072	30,507	-	30,507	-		
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military Department)	Homeland Security Grant Program	97.067	E16-076	16,342	-	16,342	-		
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military Department)	Homeland Security Grant Program	97.067	E17-149	24,001	-	24,001	-		

The accompanying notes are an integral part of this schedule.

Okanogan County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017

	Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
					From Pass- Through Awards	From Direct Awards	Total		
	FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military Department)	Homeland Security Grant Program	97.067	E-16-183	65,258	-	65,258	-	
Total CFDA 97.067:					216,110	-	216,110	-	
Total Federal Awards Expended:					3,432,260	124,631	3,556,891	950,850	

Okanogan County

**Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017**

Note 1 – Basis of Accounting

This schedule is prepared on the same basis of accounting as Okanogan County's financial statements. Okanogan County uses the cash basis of accounting. This basis of accounting recognizes revenues only when cash is received and expenditures are recognized when paid, including those properly chargeable against the report year budget appropriations as required by law.

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 Okanogan County's portion, are more than shown. Such expenditures are recognized following, as applicable, either the cost principles in the 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 Administrative 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

Okanogan County has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



OKANOGAN COUNTY

Board of Commissioners

Chris Branch

Commissioner District 1

Andy Hover

Commissioner District 2

Jim DeTro

Commissioner District 3

Laleña Johns

Clerk of the Board

CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED UNDER UNIFORM GUIDANCE

Okanogan County

January 1, 2017 through December 31, 2017

This schedule presents the corrective action planned by the County for findings reported in this report 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).

Finding ref number: 2017-001	Finding caption: The County's internal controls over financial statement preparation were inadequate to ensure accurate reporting of federal expenditures.
Name, address, and telephone of County contact person: Laurie Thomas, Auditor P.O. Box 1010 Okanogan County, WA 98840 (509) 422-7352	
Corrective action the auditee plans to take in response to the finding: <i>The County has implemented changes to the existing processes to ensure the correct tracking and recording of all grants. All pass-through grants will be treated the same way. All departments will be required to submit copies of A19s with the grant accountability worksheets so that finance staff can review the expenditures to ensure accurate reporting.</i> <i>Okanogan County Grant policy will be reviewed for compliance and update.</i>	
Anticipated date to complete the corrective action: December 31, 2018	

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.

Contact information for the State Auditor's Office	
Public Records requests	PublicRecords@sao.wa.gov
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov