



Office of the Washington State Auditor
Pat McCarthy

**Financial Statements and Federal Single Audit
Report**

Stevens County

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

Published September 20, 2018

Report No. 1022216





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

September 20, 2018

Board of Commissioners
Stevens County
Colville, Washington

Report on Financial Statements and Federal Single Audit

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

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

Sincerely,

Pat McCarthy
State Auditor
Olympia, WA

TABLE OF CONTENTS

Schedule of Findings and Questioned Costs.....	4
Summary Schedule of Prior Audit Findings	6
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.....	8
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance With the Uniform Guidance	11
Independent Auditor's Report on Financial Statements.....	14
Financial Section.....	18
About the State Auditor's Office.....	52

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Stevens County January 1, 2017 through December 31, 2017

SECTION I – SUMMARY OF AUDITOR’S RESULTS

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

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

Federal Awards

Internal Control over Major Programs:

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

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

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

Identification of Major Federal Programs:

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

<u>CFDA No.</u>	<u>Program or Cluster Title</u>
20.205	Highway Planning and Construction Cluster – Highway Planning and Construction
93.563	Child Support Enforcement

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

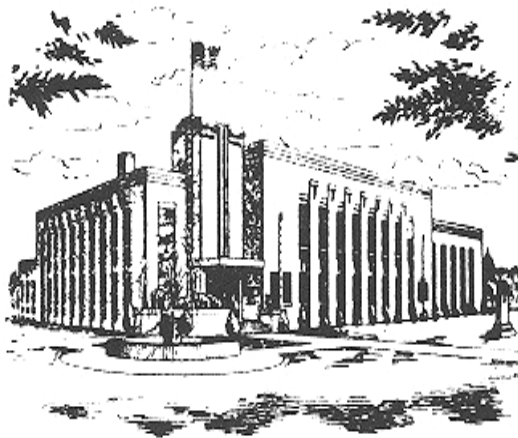
The County did not qualify as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.



County of Stevens

State of Washington

Office of County Auditor

TIM GRAY, County Auditor

215 South Oak, Room 106
Colville, Washington 99114

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Stevens County

January 1, 2017 through December 31, 2017

This schedule presents the status of findings reported in prior audit periods.

Audit Period: January 1, 2016 through December 31, 2016	Report Ref. No.: 1020688	Finding Ref. No.: 2016-001
Finding Caption: The County's internal controls over financial reporting were inadequate to ensure accurate reporting.		
Background: The County is responsible for designing and following internal control 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. We noted: <ul style="list-style-type: none">• The SEFA included expenditures for client service agreements as a federal grant expenditures, causing an overstatement of the SEFA by \$5,156,103. Because of this error, the County did not require a federal single audit.• Incorrect classification of client service agreements as federal grant revenue in the NEW Alliance Counseling Fund caused intergovernmental revenues to be overstated and charges for goods and services revenues to be understated, both by \$5,156,103.		

- Incorrect reporting of financial activity in the Health Insurance Fund caused expenditures to be understated by \$50,000.
- Incorrect disclosure of pension assets in the Notes to the Financial Statements resulted in an overstatement of \$266,710.
- Incorrect disclosure of budget budgeted and actual expenditures in the Notes to the Financial Statement resulted in understatements of \$780,700 and \$875,213.
- Revenues reported in the Schedule of Cash Activity were overstated by \$24,592,374, causing errors and inefficiencies during our reconciliation of the County's cash and investment accounts.

Other less significant errors were also identified in the financial statements and notes. All identified errors were subsequently corrected by the County.

Status of Corrective Action: (check one)

☒ Fully
Corrected

☐ Partially
Corrected

☐ Not Corrected

☐ Finding is
considered no longer
valid

Corrective Action Taken:

In preparing the 2017 report I, the County auditor examined all grant revenues and made sure any new grants were correctly recognized. I verified the ending cash balances to Treasurer's Report and in the future will check general ledger cash as well. I made sure all pension liabilities were included and budget to actual was correct. The County Treasurer and I worked to better understand the information required for the Schedule of Cash Activity and feel we have a better understand of how we can gather that information in the coming years.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

Board of Commissioners
Stevens County
Colville, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Stevens County, 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 12, 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 7 to the financial statements, during the year ended 2017, the County adopted 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

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

We also noted certain matters that we will report to the management of the County in a separate letter dated September 14, 2018.

COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed

in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

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

Pat McCarthy

State Auditor

Olympia, WA

September 12, 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**

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

Board of Commissioners
Stevens County
Colville, Washington

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

We have audited the compliance of Stevens 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 that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy

State Auditor

Olympia, WA

September 12, 2018

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Stevens County January 1, 2017 through December 31, 2017

Board of Commissioners
Stevens County
Colville, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Stevens 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 18.

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, Stevens 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 Stevens 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 Stevens 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 7 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 12, 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.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large, stylized "P" and "M".

Pat McCarthy

State Auditor

Olympia, WA

September 12, 2018

FINANCIAL SECTION

Stevens 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 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

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

		Total for All Funds (Memo Only)	001 CURRENT EXPENSE	106 PERFORMING ARTS TOURISM ETC
Beginning Cash and Investments				
30810	Reserved	17,732,414	24,151	47,610
30880	Unreserved	5,279,173	3,933,003	-
388 / 588	Prior Period Adjustments, Net	-100	-	-
Revenues				
310	Taxes	17,349,277	9,987,698	42,030
320	Licenses and Permits	431,270	424,975	-
330	Intergovernmental Revenues	10,321,466	3,894,474	-
340	Charges for Goods and Services	20,002,640	1,596,973	-
350	Fines and Penalties	507,267	498,956	-
360	Miscellaneous Revenues	3,943,299	734,662	2
Total Revenues:		52,555,219	17,137,738	42,032
Expenditures				
510	General Government	10,598,484	7,769,613	-
520	Public Safety	8,878,534	6,611,617	-
530	Utilities	1,485,520	-	-
540	Transportation	12,622,146	-	-
550	Natural and Economic Environment	1,442,410	1,092,994	-
560	Social Services	10,785,692	752,849	-
570	Culture and Recreation	484,161	379,395	21,734
Total Expenditures:		46,296,947	16,606,468	21,734
Excess (Deficiency) Revenues over Expenditures:		6,258,272	531,270	20,298
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	0	-	-
397	Transfers-In	602,974	316,332	-
385	Special or Extraordinary Items	0	-	-
386 / 389	Custodial Activities	309,318	30,574	-
381, 395, 398	Other Resources	158,439	32,856	-
Total Other Increases in Fund Resources:		1,070,731	379,762	0
Other Decreases in Fund Resources				
594-595	Capital Expenditures	3,383,852	33,221	-
591-593, 599	Debt Service	232,730	-	-
597	Transfers-Out	602,974	208,075	14,500
585	Special or Extraordinary Items	0	-	-
586 / 589	Custodial Activities	353,714	47,524	-
581	Other Uses	94,214	-	-
Total Other Decreases in Fund Resources:		4,667,484	288,820	14,500
Increase (Decrease) in Cash and Investments:		2,661,519	622,212	5,798
Ending Cash and Investments				
5081000	Reserved	19,296,392	18,383	53,408
5088000	Unreserved	6,376,614	4,560,983	-
Total Ending Cash and Investments		25,673,006	4,579,366	53,408

The accompanying notes are an integral part of this statement.

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

		107 CRIME VICTIMS AND WITNESS FUND	110 ROAD FUND	115 PATHS AND TRAILS
Beginning Cash and Investments				
30810	Reserved	81,260	6,002,506	230,073
30880	Unreserved	-	-	-
388 / 588	Prior Period Adjustments, Net	-	-	-
Revenues				
310	Taxes	-	5,837,476	-
320	Licenses and Permits	-	6,295	-
330	Intergovernmental Revenues	-	5,043,940	19,354
340	Charges for Goods and Services	22,722	126,073	-
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	-	72,981	-
Total Revenues:		22,722	11,086,765	19,354
Expenditures				
510	General Government	4,327	51,867	-
520	Public Safety	-	-	-
530	Utilities	-	-	-
540	Transportation	-	8,541,645	-
550	Natural and Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
Total Expenditures:		4,327	8,593,512	0
Excess (Deficiency) Revenues over Expenditures:		18,395	2,493,253	19,354
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	-	-	-
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	-	116	-
381, 395, 398	Other Resources	-	-	-
Total Other Increases in Fund Resources:		0	116	0
Other Decreases in Fund Resources				
594-595	Capital Expenditures	-	1,021,948	-
591-593, 599	Debt Service	-	-	-
597	Transfers-Out	20,000	-	-
585	Special or Extraordinary Items	-	-	-
586 / 589	Custodial Activities	-	29,677	-
581	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		20,000	1,051,625	0
Increase (Decrease) in Cash and Investments:		-1,605	-1,051,509	19,354
Ending Cash and Investments				
5081000	Reserved	79,655	7,444,250	249,427
5088000	Unreserved	-	-	-
Total Ending Cash and Investments		79,655	7,444,250	249,427

The accompanying notes are an integral part of this statement.

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

		121 HOMELESSNESS	ALLIANCE COUNSELING SERVS	123 VERY LOW INCOME HOUSING
Beginning Cash and Investments				
30810	Reserved	531,657	3,773,608	74,865
30880	Unreserved	-	-	-
388 / 588	Prior Period Adjustments, Net	-	-	-
Revenues				
310	Taxes	-	115,172	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	-	760,001	-
340	Charges for Goods and Services	217,249	7,810,348	43,110
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	-	48,995	-
Total Revenues:		217,249	8,734,516	43,110
Expenditures				
510	General Government	-	-	-
520	Public Safety	-	-	-
530	Utilities	-	-	-
540	Transportation	-	-	-
550	Natural and Economic Environment	-	-	50,463
560	Social Services	196,197	9,805,300	-
570	Culture and Recreation	-	-	-
Total Expenditures:		196,197	9,805,300	50,463
Excess (Deficiency) Revenues over Expenditures:		21,052	-1,070,784	-7,353
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	-	-	-
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	-	47,191	-
381, 395, 398	Other Resources	-	-	-
Total Other Increases in Fund Resources:		0	47,191	0
Other Decreases in Fund Resources				
594-595	Capital Expenditures	-	113,886	-
591-593, 599	Debt Service	-	-	-
597	Transfers-Out	-	-	-
585	Special or Extraordinary Items	-	-	-
586 / 589	Custodial Activities	-	76,828	-
581	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		0	190,714	0
Increase (Decrease) in Cash and Investments:		21,052	-1,214,307	-7,353
Ending Cash and Investments				
5081000	Reserved	552,709	2,559,301	67,512
5088000	Unreserved	-	-	-
Total Ending Cash and Investments		552,709	2,559,301	67,512

The accompanying notes are an integral part of this statement.

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

		124 VETERANS RELIEF FUND	125 LAW LIBRARY	126 AUDITORS O&M FUND
Beginning Cash and Investments				
30810	Reserved	70,773	16,351	91,439
30880	Unreserved	-	-	-
388 / 588	Prior Period Adjustments, Net	-	-	-
Revenues				
310	Taxes	44,365	-	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	3,440	-	54,224
340	Charges for Goods and Services	-	12,503	27,143
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	318	-	-
Total Revenues:		48,123	12,503	81,367
Expenditures				
510	General Government	-	-	66,518
520	Public Safety	-	-	-
530	Utilities	-	-	-
540	Transportation	-	-	-
550	Natural and Economic Environment	-	-	-
560	Social Services	31,346	-	-
570	Culture and Recreation	-	4,381	-
Total Expenditures:		31,346	4,381	66,518
Excess (Deficiency) Revenues over Expenditures:		16,777	8,122	14,849
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	-	-	-
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	327	-	-
381, 395, 398	Other Resources	-	-	-
Total Other Increases in Fund Resources:		327	0	0
Other Decreases in Fund Resources				
594-595	Capital Expenditures	-	-	-
591-593, 599	Debt Service	-	-	-
597	Transfers-Out	-	-	30,000
585	Special or Extraordinary Items	-	-	-
586 / 589	Custodial Activities	-	-	-
581	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		0	0	30,000
Increase (Decrease) in Cash and Investments:		17,104	8,122	-15,151
Ending Cash and Investments				
5081000	Reserved	87,877	24,473	76,288
5088000	Unreserved	-	-	-
Total Ending Cash and Investments		87,877	24,473	76,288

The accompanying notes are an integral part of this statement.

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

		128 NORTHEAST WASHINGTON FAIR	129 TREASURERS O&M	130 WEED CONTROL
Beginning Cash and Investments				
30810	Reserved	-	77,979	152,066
30880	Unreserved	6,822	-	-
388 / 588	Prior Period Adjustments, Net	-	-	-
Revenues				
310	Taxes	-	-	7,482
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	35,693	-	-
340	Charges for Goods and Services	33,887	44,386	93
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	12,467	-	152,794
Total Revenues:		82,047	44,386	160,369
Expenditures				
510	General Government	-	30,283	-
520	Public Safety	-	-	-
530	Utilities	-	-	-
540	Transportation	-	-	-
550	Natural and Economic Environment	-	-	211,366
560	Social Services	-	-	-
570	Culture and Recreation	78,651	-	-
Total Expenditures:		78,651	30,283	211,366
Excess (Deficiency) Revenues over Expenditures:		3,396	14,103	-50,997
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	2,000	-	-
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	7,025	-	7
381, 395, 398	Other Resources	-	-	-
Total Other Increases in Fund Resources:		9,025	0	7
Other Decreases in Fund Resources				
594-595	Capital Expenditures	-	-	-
591-593, 599	Debt Service	-	-	-
597	Transfers-Out	-	19,571	-
585	Special or Extraordinary Items	-	-	-
586 / 589	Custodial Activities	7,175	-	15
581	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		7,175	19,571	15
Increase (Decrease) in Cash and Investments:		5,246	-5,468	-51,005
Ending Cash and Investments				
5081000	Reserved	-	72,511	101,061
5088000	Unreserved	12,068	-	-
Total Ending Cash and Investments		12,068	72,511	101,061

The accompanying notes are an integral part of this statement.

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

		131 LAKE MANAGEMENT 2013 - 801 & 802	133 FAMILY LAW COURT FACILITATOR	138 DEER LAKE MNGT DIST #1- 2011
Beginning Cash and Investments				
30810	Reserved	44,679	23,538	80
30880	Unreserved	-	-	-
388 / 588	Prior Period Adjustments, Net	-	-	-
Revenues				
310	Taxes	-	-	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	-	-	-
340	Charges for Goods and Services	-	5,743	-
350	Fines and Penalties	340	-	129
360	Miscellaneous Revenues	89,192	-	1,419
Total Revenues:		89,532	5,743	1,548
Expenditures				
510	General Government	-	14,558	-
520	Public Safety	-	-	-
530	Utilities	-	-	-
540	Transportation	-	-	-
550	Natural and Economic Environment	20,111	-	1,575
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
Total Expenditures:		20,111	14,558	1,575
Excess (Deficiency) Revenues over Expenditures:		69,421	-8,815	-27
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	-	11,185	-
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	921	-	-
381, 395, 398	Other Resources	-	-	-
Total Other Increases in Fund Resources:		921	11,185	0
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	921	-	-
581	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		921	0	0
Increase (Decrease) in Cash and Investments:		69,421	2,370	-27
Ending Cash and Investments				
5081000	Reserved	114,100	25,908	53
5088000	Unreserved	-	-	-
Total Ending Cash and Investments		114,100	25,908	53

The accompanying notes are an integral part of this statement.

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

		139 GUARDIAN FACILITATOR	140 DRUG INVESTIGATION FUND	141 SHERIFF STATE DRUG FORFEITURE
Beginning Cash and Investments				
30810	Reserved	40	156,684	43,630
30880	Unreserved	2,000	-	-
388 / 588	Prior Period Adjustments, Net	-	-	-
Revenues				
310	Taxes	-	-	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	-	-	-
340	Charges for Goods and Services	180	-	-
350	Fines and Penalties	-	7,808	-
360	Miscellaneous Revenues	-	-	900
Total Revenues:		180	7,808	900
Expenditures				
510	General Government	100	-	-
520	Public Safety	-	1,116	-
530	Utilities	-	-	-
540	Transportation	-	-	-
550	Natural and Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
Total Expenditures:		100	1,116	0
Excess (Deficiency) Revenues over Expenditures:		80	6,692	900
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	-	-	-
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	-	-	100
381, 395, 398	Other Resources	-	-	-
Total Other Increases in Fund Resources:		0	0	100
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:		0	0	0
Increase (Decrease) in Cash and Investments:		80	6,692	1,000
Ending Cash and Investments				
5081000	Reserved	120	163,376	44,630
5088000	Unreserved	2,000	-	-
Total Ending Cash and Investments		2,120	163,376	44,630

The accompanying notes are an integral part of this statement.

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

		142 SHERIFF FEDERAL DRUG FORFEITURE	145 EMERGENCY COMMUNICATION S	150 INMATE WELFARE FUND
Beginning Cash and Investments				
30810	Reserved	81,743	-	15,703
30880	Unreserved	-	477,955	-
388 / 588	Prior Period Adjustments, Net	-	-	-
Revenues				
310	Taxes	-	392,964	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	-	380,960	-
340	Charges for Goods and Services	-	849,883	4,996
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	3,480	38,362	2,421
Total Revenues:		3,480	1,662,169	7,417
Expenditures				
510	General Government	-	-	-
520	Public Safety	42,502	1,372,120	5,236
530	Utilities	-	-	-
540	Transportation	-	-	-
550	Natural and Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
Total Expenditures:		42,502	1,372,120	5,236
Excess (Deficiency) Revenues over Expenditures:		-39,022	290,049	2,181
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	-	-	-
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	-	57,000	316
381, 395, 398	Other Resources	-	-	-
Total Other Increases in Fund Resources:		0	57,000	316
Other Decreases in Fund Resources				
594-595	Capital Expenditures	-	53,559	-
591-593, 599	Debt Service	-	5,488	-
597	Transfers-Out	-	75,936	-
585	Special or Extraordinary Items	-	-	-
586 / 589	Custodial Activities	-	804	316
581	Other Uses	-	94,214	-
Total Other Decreases in Fund Resources:		0	230,001	316
Increase (Decrease) in Cash and Investments:		-39,022	117,048	2,181
Ending Cash and Investments				
5081000	Reserved	42,721	-	17,884
5088000	Unreserved	-	595,003	-
Total Ending Cash and Investments		42,721	595,003	17,884

The accompanying notes are an integral part of this statement.

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

		155 COUNTY VEHICLE REPLACEMENT	160 TRIAL COURT IMPROVEMENT FUND	165 REET ELECTRONIC TECHNOLOGY
Beginning Cash and Investments				
30810	Reserved	43,951	97,599	55,159
30880	Unreserved	-	-	-
388 / 588	Prior Period Adjustments, Net	-	-	-
Revenues				
310	Taxes	-	-	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	-	23,449	11,437
340	Charges for Goods and Services	-	-	-
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	-	-	-
Total Revenues:		0	23,449	11,437
Expenditures				
510	General Government	-	76,545	55,000
520	Public Safety	-	-	-
530	Utilities	-	-	-
540	Transportation	-	-	-
550	Natural and Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
Total Expenditures:		0	76,545	55,000
Excess (Deficiency) Revenues over Expenditures:		0	-53,096	-43,563
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	200,000	-	-
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	130	-	-
381, 395, 398	Other Resources	-	-	-
Total Other Increases in Fund Resources:		200,130	0	0
Other Decreases in Fund Resources				
594-595	Capital Expenditures	186,902	-	-
591-593, 599	Debt Service	-	-	-
597	Transfers-Out	-	3,110	-
585	Special or Extraordinary Items	-	-	-
586 / 589	Custodial Activities	130	-	-
581	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		187,032	3,110	0
Increase (Decrease) in Cash and Investments:		13,098	-56,206	-43,563
Ending Cash and Investments				
5081000	Reserved	57,049	41,393	11,596
5088000	Unreserved	-	-	-
Total Ending Cash and Investments		57,049	41,393	11,596

The accompanying notes are an integral part of this statement.

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

		180 DEER LAKE MANAGEMENT DIST 1-2016	201 CURRENT EXPENSE GO BOND	305 GENERAL CAPITAL PROJECTS FUND
Beginning Cash and Investments				
30810	Reserved	-	31,263	584,591
30880	Unreserved	-	29,794	-
388 / 588	Prior Period Adjustments, Net	-	-	-
Revenues				
310	Taxes	-	-	434,191
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	-	-	44,712
340	Charges for Goods and Services	-	-	-
350	Fines and Penalties	34	-	-
360	Miscellaneous Revenues	28,432	174	-
Total Revenues:		28,466	174	478,903
Expenditures				
510	General Government	-	-	14,355
520	Public Safety	-	-	-
530	Utilities	-	-	-
540	Transportation	-	-	-
550	Natural and Economic Environment	21,751	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
Total Expenditures:		21,751	0	14,355
Excess (Deficiency) Revenues over Expenditures:		6,715	174	464,548
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	-	73,457	-
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	-	-	-
381, 395, 398	Other Resources	-	-	-
Total Other Increases in Fund Resources:		0	73,457	0
Other Decreases in Fund Resources				
594-595	Capital Expenditures	-	-	180,327
591-593, 599	Debt Service	-	83,845	-
597	Transfers-Out	-	-	41,437
585	Special or Extraordinary Items	-	-	-
586 / 589	Custodial Activities	-	-	-
581	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		0	83,845	221,764
Increase (Decrease) in Cash and Investments:		6,715	-10,214	242,784
Ending Cash and Investments				
5081000	Reserved	6,715	20,874	827,375
5088000	Unreserved	-	29,969	-
Total Ending Cash and Investments		6,715	50,843	827,375

The accompanying notes are an integral part of this statement.

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

		306 PUBLIC FACILITIES (REF 49)	405 SHERIFFS AMBULANCE FUND	410 SOLID WASTE
Beginning Cash and Investments				
30810	Reserved	631,824	376,694	3,779,527
30880	Unreserved	-	-	-
388 / 588	Prior Period Adjustments, Net	-	-100	-
Revenues				
310	Taxes	487,899	-	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	-	1,270	48,512
340	Charges for Goods and Services	-	847,189	2,518,622
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	-	27,145	127,133
Total Revenues:		487,899	875,604	2,694,267
Expenditures				
510	General Government	2,500	-	-
520	Public Safety	-	845,943	-
530	Utilities	-	-	1,485,520
540	Transportation	-	-	-
550	Natural and Economic Environment	44,150	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
Total Expenditures:		46,650	845,943	1,485,520
Excess (Deficiency) Revenues over Expenditures:		441,249	29,661	1,208,747
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	-	-	-
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	-	-	27,094
381, 395, 398	Other Resources	-	-	94,214
Total Other Increases in Fund Resources:		0	0	121,308
Other Decreases in Fund Resources				
594-595	Capital Expenditures	-	20,000	308,979
591-593, 599	Debt Service	-	-	143,397
597	Transfers-Out	152,242	38,103	-
585	Special or Extraordinary Items	-	-	-
586 / 589	Custodial Activities	-	3,907	26,895
581	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		152,242	62,010	479,271
Increase (Decrease) in Cash and Investments:		289,007	-32,349	850,784
Ending Cash and Investments				
5081000	Reserved	920,831	344,245	4,630,311
5088000	Unreserved	-	-	-
Total Ending Cash and Investments		920,831	344,245	4,630,311

The accompanying notes are an integral part of this statement.

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

		501 EQUIPMENT RENTAL & REVOLV FUND	510 INFORMATION SERVICES	520 INSURANCE SERVICE FUND
Beginning Cash and Investments				
30810	Reserved	-	-	527,945
30880	Unreserved	794,575	35,024	-
388 / 588	Prior Period Adjustments, Net	-	-	-
Revenues				
310	Taxes	-	-	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	-	-	-
340	Charges for Goods and Services	2,267,571	2,644,398	929,571
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	2,601,185	3,078	-
Total Revenues:		4,868,756	2,647,476	929,571
Expenditures				
510	General Government	-	1,655,753	857,065
520	Public Safety	-	-	-
530	Utilities	-	-	-
540	Transportation	4,080,501	-	-
550	Natural and Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
Total Expenditures:		4,080,501	1,655,753	857,065
Excess (Deficiency) Revenues over Expenditures:		788,255	991,723	72,506
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	-	-	-
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	10	675	-
381, 395, 398	Other Resources	31,369	-	-
Total Other Increases in Fund Resources:		31,379	675	0
Other Decreases in Fund Resources				
594-595	Capital Expenditures	452,023	1,013,007	-
591-593, 599	Debt Service	-	-	-
597	Transfers-Out	-	-	-
585	Special or Extraordinary Items	-	-	-
586 / 589	Custodial Activities	10	-	-
581	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		452,033	1,013,007	0
Increase (Decrease) in Cash and Investments:		367,601	-20,609	72,506
Ending Cash and Investments				
5081000	Reserved	-	-	600,451
5088000	Unreserved	1,162,176	14,415	-
Total Ending Cash and Investments		1,162,176	14,415	600,451

The accompanying notes are an integral part of this statement.

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

		530 HEALTH INSURANCE FUND
		<hr/>
Beginning Cash and Investments		
30810	Reserved	63,426
30880	Unreserved	-
388 / 588	Prior Period Adjustments, Net	-
Revenues		
310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	-
340	Charges for Goods and Services	-
350	Fines and Penalties	-
360	Miscellaneous Revenues	-1,841
Total Revenues:		<hr/> -1,841
Expenditures		
510	General Government	-
520	Public Safety	-
530	Utilities	-
540	Transportation	-
550	Natural and Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		<hr/> 0
Excess (Deficiency) Revenues over Expenditures:		<hr/> -1,841
Other Increases in Fund Resources		
391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
386 / 389	Custodial Activities	137,832
381, 395, 398	Other Resources	-
Total Other Increases in Fund Resources:		<hr/> 137,832
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	159,512
581	Other Uses	-
Total Other Decreases in Fund Resources:		<hr/> 159,512
Increase (Decrease) in Cash and Investments:		<hr/> -23,521
Ending Cash and Investments		
5081000	Reserved	39,905
5088000	Unreserved	-
Total Ending Cash and Investments		<hr/> 39,905

The accompanying notes are an integral part of this statement.

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

		Total for All Funds (Memo Only)	Private-Purpose Trust	Agency
308	Beginning Cash and Investments	31,082,804	274,258	30,808,546
388 & 588	Prior Period Adjustment, Net	-	-	-
310-390	Additions	120,067,793	5,818,451	114,249,342
510-590	Deductions	125,341,939	5,813,785	119,528,154
		<u>-5,274,146</u>		
	Net Increase (Decrease) in Cash and Investments:		4,666	-5,278,812
508	Ending Cash and Investments	25,808,658	278,924	25,529,734

STEVENS COUNTY

NOTES TO FINANCIAL STATEMENTS January 1, 2017 to December 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Stevens 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 the 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 used:

GOVERNMENTAL FUND TYPES:

General Fund

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

Special Revenue Funds

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

Debt Service Funds

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

Capital Projects Funds

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

Permanent Funds

Stevens County has no permanent funds.

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 and services to other departments or funds of the County on a cost-reimbursement basis.

FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the County 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 County holds for 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.

As allowed by state law the County also recognizes expenditures paid during the thirty days after the close of the fiscal year for claims incurred during the previous period.

C. **Budgets**

The County adopts annual appropriated budgets for all funds presented on statement C-4. These budgets are appropriated at the fund level except the current expense fund, where budget is adopted at the department level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for those funds lapse at the fiscal year end. On December 28, 2016 the Stevens County Commissioners approved Policy # 4-2016 which stated:

Responsibility for Budget Management and Budgetary Control System

Except for Public Works Funds and New Alliance Counseling Services for whom the Board maintains final management authority over the Department Heads, the County will maintain a budgetary control system to help it adhere to the budget. The Budget is reviewed at the line item level for all remaining funds. All individual line items in the following object codes: Salary and Wages (10's), Personnel Benefits (20's), Intergovernmental Services (50's), Capital Outlay (60's), Debt Service – Principal (70's), and Debt Service – Interest (80's) are adopted by line item and would require Board approval to transfer/use an appropriation from one line

to fund another line item. Elected Officials/Department Heads will have the authority to expend the following object codes; Supplies (30's) and Services (40's) interchangeable.

Public Works Funds (110) Road, (115) – Paths & Trails, (410) – Solid Waste, and (501) – ER&R will be budgeted at Basub level (53700, 54300, 54400, etc.) which is reflective of their project budgeting and coincides with the cost accounting system (WINCAMS) used internally. The BOCC will receive a monthly report created from WINCAMS to review more detailed information.

New Alliance Counseling Services – The budget is reviewed at the line item level for all individual line items in the following object codes: Personnel Benefits (20's), Intergovernmental Services (50's), Capital Outlay (60's), Debt – Principal (70's) and Debt Service – Interest (80's) are adopted by line item and would require Board approval to transfer/use an appropriation from one line to fund another line item. The Department Head will have the authority to expand the following object codes: Supplies (30's) and Services (40's) interchangeable, with the exception of the inter-fund transactions that are recorded in the 40's. For object codes in Salary (10's), the budget will be adopted at the individual object code. For example, all salaries budgeted in the object code 10 and overtime and crisis on-call are budgeted in object code 12 and to move between the two object codes would require Board approval and a budget transfer.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting. The appropriated and actual expenditures for the legally adopted budgets were as follows:

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance Under (Over)
Current Expense:			
Gen. Gov.	\$ 721,060	\$ 675,632	\$ 45,428
Accumulated Emp. Sev.	110,000	95,134	14,866
Assessor	944,932	853,018	91,914
Auditor	663,384	617,753	45,631
CASA	169,375	118,497	50,878
Clerk – S.C.	392,691	383,739	8,952
Commissioners	654,418	590,051	64,367
Coroner	193,022	188,583	4,439
District Court	660,287	583,254	77,033
Elections	317,550	303,659	13,891
Emergency Management	213,416	111,792	101,624
WSU Extension	188,806	170,728	18,078
Facilities	551,338	513,119	38,219
Fairgrounds Facilities	229,350	210,167	19,183
Finance & Human Resources	142,404	141,108	1,296
Juvenile	998,876	916,736	82,140
LEOFF Retirement	50,000	34,660	15,340
Land Service	1,425,036	1,018,193	406,843
Prosecutor/Child Support	1,595,071	1,496,171	98,900
Public Health	564,266	564,266	-
Sheriff	4,305,366	4,115,187	190,179
Sheriff Jail	1,556,293	1,503,857	52,436
Superior Court	630,957	606,685	24,272
Indigent Defense	625,328	608,990	16,338
Treasurer	<u>499,149</u>	<u>474,310</u>	<u>24,839</u>
Total Current Expense	18,402,375	16,895,289	1,507,086
Performing Arts	37,887	36,234	1,653
Crime Victims	40,200	24,327	15,873
Road	15,237,390	9,645,138	5,592,252
Paths & Trails	-	-	-
Homelessness	207,600	196,197	11,403
NEW Alliance C.S.	11,424,180	9,996,013	1,428,167
Low-Income Housing	51,000	50,462	538
Veterans Relief	45,000	31,346	13,654
Law Library	14,400	4,381	10,019
Auditor O&M	155,400	96,518	58,882

N.E.W. Fair	89,550	85,826	3,724
Treasurer's O&M	63,900	49,853	14,047
Weed Control	239,316	211,381	27,935
Little P.O. L. M 1-2013	25,000	6,423	18,577
Loon .Lake L. M. 2-2013	65,000	14,609	50,391
Family Law Facilitator	19,874	14,558	5,316
Deer Lake L. M 2011	250	1,575	(1,325)
Guardian Facilitator	1,200	100	1,100
Drug Investigation	39,250	1,116	38,134
State Drug Forfeiture	-	-	-
Federal Drug Forfeiture	56,800	42,502	14,298
Emergency Comm.-911	1,670,555	1,602,121	68,434
Inmate Welfare	8,570	5,552	3,018
County Vehicle Replacement	200,000	187,032	12,968
Trial Court Improvement	75,100	79,656	(4,556)
REET Electronic Technology	55,000	55,000	-
Deer Lake L.M. – 2016	25,000	21,751	3,249
C.E. G.O. Bond	84,314	83,846	468
Capital Projects	325,688	236,119	89,569
Public Facilities	200,142	198,892	1,250
Sheriff's Ambulance	1,052,342	907,952	144,390
Solid Waste - 1	2,819,173	1,964,790	854,383
Equipment Rental	5,258,061	4,532,534	725,527
Informational Service	2,719,187	2,668,760	50,427
Insurance Service	971,826	857,065	114,761
Health Insurance Service	<u>200,000</u>	<u>159,511</u>	<u>40,489</u>
Totals	<u>\$61,880,530</u>	<u>\$50,974,429</u>	<u>\$10,906,101</u>

1. Reduced budget and actual due to elimination of transfer between Solid Waste, Landfill Closure and Landfill Post-Closure in the amount of \$155,991

Budgeted amounts are authorized to be transferred between departments within any fund/object classes within departments; however any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the county legislative body.

D. **Cash 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 one 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 150 working days. Upon retirement or death, not separation, an employee will be compensated for up to 24 days of sick leave. Certain employment contracts for department heads have additional provisions based on the type of termination. Payments are recognized as expenditures when paid.

G. **Long-Term Debt**

See Note 5 – Debt Service Requirements

H. **RISK MANAGEMENT**

Stevens County is a member of the Washington Rural Counties Insurance Pool (WRCIP). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The pool was formed on September 1, 1998, when three counties in the State of Washington joined together by signing an Interlocal Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 1, 2017 there are eight counties in the program.

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

The program acquires insurance through their Administrator, Clear Risk Solutions. Liability coverage is purchased to an aggregate limit of \$45,000,000 with a self-insured retention of \$50,000. Members are responsible for the first \$1,000 to \$10,000 deductible for each claim, while the program is responsible for the \$50,000 self-insured retention. Since the program is a cooperative program, there is a joint liability among the participating members towards the sharing of the \$50,000 self-insured retention. The program also purchases a Stop Loss Policy with an attachment point of \$ 524,793.

Property insurance is subject to a per-occurrence self insured retention of \$25,000. Members are responsible for the first \$1,000 to \$10,000 per occurrence deductible. The program bears the \$25,000 self insured retention, in addition to the deductible.

Privacy and Network Liability coverage is offered with a \$10,000 member deductible and \$40,000 self-insured retention for systems using encryption and \$50,000 member deductible and \$50,000 self-insured retention for those without encryption.

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

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

The program is governed by an eight-member Board of Directors elected by each member's designated voting representative. It is felt the individual counties are best able to select their own representatives to manage their insurance association.

The program is funded by its member participants and has no employees. Claims are filed by members with Clear Risk Solutions, who has been contracted to perform program administration, claims adjustment administration, and loss prevention for the program. Fees paid to the third party administrator under this arrangement for the policy year ending December 1, 2017 were \$511,199.05

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

Stevens County, through the Insurance Service Fund, reimburses the State of Washington for all allowable unemployment claims paid out to eligible former employees. The amount

disbursed in 2017 for unemployment claims was \$ 69,697. In 2017, \$121,695, representing 1% of each department's payroll, was collected by the Insurance Service Fund, In December 2017 the County Commissioners suspended the collection of the 1% from each department. On December 31, 2017 an accumulated reserve for future claims amounted to \$579,943.

Clear Risk Solutions is located at 451 Diamond Drive, Ephrata, WA 98823 and can be contacted at (509) 754-2027 or toll free at (800) 407-2027 to obtain the Washington Rural Counties' Insurance Pool financial statements.

I. 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 County Legislative authority. When expenditures that meet restrictions are incurred, the County intends to use reserved resources first before using unreserved amounts.

Reservations of Ending Cash and Investments consist of the following:

Current Expense Fund (001-999-010) consists of:

State Vessel Registration fees that are dedicated to boating law enforcement that have been received, but not spent as of September 30, 2016 and 2017 in the amount of \$19,586 and \$10,754 respectively.

In 2016 WSU Extension Office was awarded \$30,000 from Providence Health Services to fund a portion of a position to coordinate efforts with local farmers and the Hunger Coalition to maximize local food products. The unspent portion as of December 31, 2017 was \$7,629.

Performing Arts & Tourism (106-999-010) \$53,408 reserved by statute related to limited use of Lodging tax proceeds.

Crime Victims & Witness Fund: (107-999-010) \$79,655 reserved by statute related to court fees dedicated to crime victims and witnesses.

Road Fund: (110-999-010) \$7,444,250 reserved by statute related to road construction and maintenance.

Paths & Trails Fund: (115-999-030) \$249,427 reserved by statute to fund pathways for non-vehicle traffic.

Homelessness Fund: (121-999-010) \$552,709 reserved by statute related to recorded document surcharge to relieve homelessness.

N.E.W. Alliance Counseling Services Fund: (122-000-010) \$2,559,301 includes the advanced working capital provided by the Department of Social & Health Services in the amount of \$80,091 which is for the statutory requirements for Developmental Disabilities Services.

Very-Low Income Housing Fund: (123-999-010) \$67,512 reserved by statute to provide facilities and assistance for low-income citizens in need of housing. It is funded by recorded document surcharge.

Veteran's Relief Fund: (124-999-010) \$87,877 reserved by statute requiring a portion of real property tax revenue be available to assist honorable discharged veterans in need.

Law Library Fund: (125-999-010) \$24,473 reserved by statute to maintain library of law reference materials. It is funded by required court fees.

Auditor O&M Fund: (126-999-010) \$76,288 reserved by statute to maintain and preserve county documents. It is funded by recorded document surcharges. In 2018 it is expected this reserve will be used to replace the current recording computer systems.

Treasurer's O&M Fund: (129-999-010) \$72,511 reserved by statute related to property foreclosure. It is funded by foreclosure fees.

Weed Control Fund: (130-999-010) \$101,061 reserved by statute to address noxious weed control in the county. It is funded by special assessment of property owners.

Management Districts for three county lakes were formed to combat the invasion of noxious plants. The lake property owners vote on an annual assessment method, amount and term.

Deer Lake (formed in 2011) (138-999-010)	\$ 53
Deer Lake (formed in 2016) (180-999-010)	6,715
Little Pend Oreille (formed in 2013) (131-801-010)	34,754
Loon Lake (formed in 2013) (131-802-010)	<u>79,347</u>
Total Reserved	<u>\$120,869</u>

Family Law Court Facilitator: (133-999-010) \$25,908 reserved for child custody resolution. Fees are collected through the court system.

Guardian Facilitator Fund: (139-999-010) \$120 reserved by statute to facilitate the resolution of guardianship matters. It is funded by required Superior Court fees.

Drug Investigation Fund (140-999-010) \$163,376 reserved by state statute and funded by court fees to combat only drug-related crimes. State (141-999-010) and Federal Drug Forfeiture (142-999-010) Funds: \$ 44,630 and \$42,721 respectively reserved by statute to address drug specific crime prevention. It is funded by state and federal proceeds from drug related convictions.

Inmate Welfare Fund: (150-999-010) \$17,884 reserved for products and services available to jail inmates.

County Vehicle Replacement Fund: (155-999-010) \$57,049 reserved by County Commissioner action to manage the replacement of vehicles associated with the County Current Expense fund.

Trial Court Improvement Fund: (160-999-010) \$41,393 reserved by statute for the maintenance and improvement of district and superior court operations. It is funded by the state.

R.E.E.T Electronic Technology Fund: (165-999-010) \$11,596 reserved by statute to improve the receipting of state and local real estate excise tax. It is funded by a portion of the real estate excise tax assessments.

Current Expense G.O. Bond Fund: (201-999-040) \$ 20,875 reserved for the principal and interest due on the county's fish hatchery purchase from Washington Department of Fish & Wildlife. The \$20,875 is a fish credit given by the Department for fish provided that exceeded the annual principal and interest payment of \$10,389.

Capital Projects Fund: (305-999-010) \$827,375 reserved by statute for the capital needs of the county. It is funded by a portion of the state real estate excise tax designated only for capital projects.

Public Facilities Fund: (306-999-010) \$920,831 reserved by statute for public facility projects and activities related to county economic development. It is funded by a portion of the state sales tax collections returned to the county.

Sheriff Ambulance (405-999-010) \$344,245 reserved to address capital and vehicle needs of the Ambulance service. It is supported by client fees and grants. No County funds are involved.

Solid Waste (410-999-010) \$2,769,280 reserved to provide for the closing and post-closure costs of county solid waste landfills. The remaining \$1,861,031 is reserved for solid waste operations.

Insurance Service (520-999-010) \$ 600,451 reserved is for possible future cost of the county's self-insured unemployment costs.

Health Insurance (530-999-010) \$39,905 reserved for payments of health insurance costs.

The Solid Waste beginning and ending restricted cash include the funds held solely for the closure and post-closure of the current landfill site and their use is restricted solely for those two purposes. The Solid Waste Fund 410, Landfill Closure 412 and Landfill Post Closure 413 have been combined together in the C-4 financial statement. The 2017 activity of the Closure and Post-Closure portion of the Solid Waste Fund is as follows:

	<u>Closure</u>	<u>Post-Closure</u>	<u>Total</u>
Beginning Cash	\$1,531,431	\$962,045	\$2,493,476
Investment Income	17,313	8,287	25,600
Transfers in from S.W.	78,604	77,386	155,990
Loan payment from 911 Emergency Comm.	<u>94,214</u>	<u>-</u>	<u>94,214</u>
Ending Cash	<u>\$1,721,562</u>	<u>\$ 1,047,718</u>	<u>\$2,769,280</u>

NOTE 2 – DEPOSITS AND INVESTMENTS

It is the 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 or the Washington Public Deposit Protection Commission. The County's investments are either insured and registered or held by the County or its agent in the County's name.

Investments are reported at cost, per County policy. Investments by type at December 31, 2017 were held as follows:

<u>Type of Investment</u>	<u>County's Own investments</u>	<u>Investments held by county as an agent for other local governments</u>	<u>Total</u>
L.G.I.P.	\$ 21,385,987	\$ 20,319,007	\$ 41,704,994
Pershing Safekeeping	430,000	0	430,000
U.S. Bank	<u>8,072,973</u>	<u>0</u>	<u>8,072,973</u>
Totals	<u>\$ 29,888,960</u>	<u>\$ 20,319,007</u>	<u>\$ 50,207,967</u>

Funds not invested with Local Government Investment Pool (LGIP) are held by Pershing Safekeeping and U.S. Bank.

There was a loan in May of 2012 to the Mary Walker School District in the amount of \$1,184,000 at 4.00% interest to re-finance an existing bond. \$776,000 has been repaid, leaving an outstanding balance of \$408,000. One-half of the interest is paid on June 1st and December 1st and principal is paid on December 1st of each year. The remaining annual County collections will be as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	201,000	7,127	208,127
2019	<u>207,000</u>	<u>3,871</u>	<u>210,871</u>
Totals	\$ <u>408,000</u>	\$ <u>10,998</u>	\$ <u>418,998</u>

There was a loan in December of 2014 to the Sprague School District in the amount of \$285,000. Semi-annual principal and interest payments of \$31,728 at 4.00% interest beginning on June 1 2015. The remaining County collections will be as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	59,104	4,352	63,456
2019	<u>64,330</u>	<u>1,964</u>	<u>66,294</u>
	\$ <u>123,434</u>	\$ <u>6,316</u>	\$ <u>129,750</u>

There was a loan on May 11, 2016 to the Chewelah School District No. 36 for a voter approved bond to improve the district capital facilities in the amount of \$1,150,000. Interest payments of 1.90% began on December 1, 2016 and principal and interest payments every six months begin on June 1, 2017 and end on December 1, 2019: The remaining collections will be as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	390,000	13,157	403,157
2019	<u>400,000</u>	<u>5,700</u>	<u>405,700</u>
	\$ <u>790,000</u>	\$ <u>18,857</u>	\$ <u>808,857</u>

There was a loan made to Stevens County Fire District # 13 on January 3, 2017 for the purchase and improvement of a fire station in the amount of \$ 154,000. Interest payments of 2.0% began on June 1, 2017, 2017 and occur every six months. The interest rate shall be negotiated every five years and if agreement cannot be reached, then the rate shall not exceed The Local Government Investment Pool Rate plus 1.50%. Annual principal payments begin on December 1, 2017 and end on December 1, 2031. The remaining collections will be as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 9,000	\$ 2,920	\$ 11,920
2019	9,000	2,740	11,740
2020	10,000	2,560	12,560
2021	10,000	2,360	12,360
2022	10,000	2,160	12,160
2023-27	52,000	7,780	59,780
2028-31	<u>46,000</u>	<u>2,340</u>	<u>48,340</u>
Totals	\$ <u>146,000</u>	\$ <u>22,860</u>	\$ <u>168,860</u>

There was a loan made to Loon Lake Sewer District # 4 on April 14, 2017 for improvements to the sewer system in the amount of \$165,000. Interest payments of 2.15% began on December 1, 2017 and occur every six months. Annual principal payments began on

December 1, 2017 and end on December 1, 2021. The remaining collections will be as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 30,000	\$ 2,902	\$ 32,902
2019	35,000	2,258	37,258
2020	35,000	1,505	36,505
2021	<u>35,000</u>	<u>753</u>	<u>35,753</u>
Total	<u>\$135,000</u>	<u>\$ 7,418</u>	<u>\$ 142,418</u>

NOTE 3 - PROPERTY TAXES

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

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

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

Stevens County's regular tax levy rate for 2017 was \$1.619428 per \$1,000 on an assessed valuation of \$3,936,732,389 for a total Current Expense, Mental Health and Veterans levy of \$6,375,257. This includes a levy shift from Road to Current Expense in the amount of \$450,000.

The County is also authorized up to \$2.25 per \$1,000 of assessed valuation in unincorporated areas for road construction and maintenance. This levy is subject to the same limitations as the levy for general government services (see additional limitation of \$4.05 combined levy).

The County road levy for 2017 was \$1.625151 per \$1,000 of an assessed valuation of \$3,282,516,419 for a total Road levy of \$5,334,588. This net amount reflects a levy shift from Road to Current Expense in the amount of \$450,000.

NOTE 4 – INTERFUND LOANS AND ADVANCES

In 2016 there was one Interfund loan within County Funds that began in December of 2014 in the amount of \$475,337 from the Landfill Closure Fund to the Emergency Communications Fund. The purpose of the loan is to fund the replacement of radio communication equipment.

<u>Borrowing Fund</u>	<u>Lending Fund</u>	<u>Balance 1/1/2017</u>	<u>New Loan</u>	<u>Repayment</u>	<u>Balance 12/31/2017</u>
E-911 Comm.	Landfill Closure	<u>\$ 337,058</u>	<u>\$ 0</u>	<u>\$ 94,214</u>	<u>\$ 242,844</u>

NOTE 5 – DEBT SERVICE REQUIREMENTS

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the County. The debt service requirements for general obligation bonds, revenue bonds and other debt, including both principal and interest are as follows:

	Other	Other	
<u>Year</u>	<u>Debt</u>	<u>Debt</u>	<u>Total</u>
	Principal	Interest	
2018	192,781	33,776	226,557
2019	194,651	30,320	224,971
2020	196,621	26,714	223,335
2021	175,331	23,314	198,645
2022			
2023-27	716,114	85,082	801,196
2028-32	203,998	38,448	242,446
2033	<u>54,763</u>	<u>3,813</u>	<u>58,576</u>
Totals	\$ <u>1,734,259</u>	\$ <u>241,467</u>	\$ <u>1,975,726</u>

Summary of the outstanding principal and interest is as follows:

<u>Purpose of the Bond</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total</u>
2004 – Bank of America – Ambulance	\$ 104,885	\$ 10,137	\$ 115,022
2007 – S.W. Public Works Trust Loan	\$ 1,097,778	\$ 24,700	\$ 1,122,478
2012 – Commissioner’s Building	\$ 405,000	\$ 167,000	\$ 572,000
2013 – Fish Hatchery Complex	\$ <u>126,596</u>	<u>\$39,630</u>	\$ <u>166,226</u>
Total County Debt	\$ <u>1,734,259</u>	\$ <u>241,467</u>	\$ <u>1,975,726</u>

In 2004 a loan was secured through Bank of America for the purchase and remodeling of a building to serve as the operations site of the Stevens County Ambulance Service. The bond will be paid off by December 31, 2021.

In April, 2005 the Solid Waste Fund secured a Public Works Trust Fund loan in the amount of \$2,600,000 for the opening of a new sanitary landfill cell and closure of the present landfill cell. Interest at one-half percent (1/2%) per annum is due beginning July 1, 2006. Annual principal and interest payments began on July 1, 2007. This bond will be paid-off on July 1, 2025.

In December, 2011 the County purchased land and buildings adjacent to the Courthouse for \$600,000. A \$55,000 down payment was made at closing and in August of 2012 the contract to Avista was paid off. \$485,000 was borrowed through a bonding program administered by the Washington State Treasurer at a stated rate of 3.1473%. This bond will be paid off on December 31, 2032.

In June, 2013 the County re-purchased a fish hatchery and land originally given to the State of Washington. The interest rate is 3.00%. The debt is intended to be paid by the sale of fish to the State Department of Fish & Wildlife. The fish are being produced through an educational program called Washington for Wildlife, a 501 c (4) federal non-profit organization. High School students from around the area are trained to raise and care for the fish, which are then sold to the Department of Fish & Wildlife for distribution into Washington lakes. The debt schedule above is the back-up payment plan if the fish production is insufficient to service the debt. In 2017 no fish sales were made

to the state so the required payment of \$10,389 reduced the accumulated excess payments in prior years from \$31,264 to \$20,875.

The dollar value of compensated absences is calculated based on the December 31, 2017 hourly pay rates and balances of available vacation and compensated time for each fund.

The DSHS Advance is a working capital advance to N.E.W. Alliance Counseling Center by the Federal Government for the treatment of qualifying patients. The outstanding balance on December 31, 2017 was \$80,291.

NOTE 6 – PENSION PLANS

Substantially all Stevens County full-time and qualifying part-time employees participate in one of 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. The county participates in the Public Employees' Retirement System (PERS), Public Safety Employees Retirement System (PSERS) and 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.

Stevens County also participates in the Volunteer Fire Fighter's and Reserve Officers' Relief and Pension Fund (VFFRPF) administered by the State Board for Volunteer Fire Fighters and Reserve Officers. Detailed information about the plan is included in the State of Washington CAFR available from the Office of Financial Management website at www.ofm.wa.gov.

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

	<u>Allocation %</u>	<u>Liability (Asset)</u>
PERS 1	.001556 %	\$ 73,833
PERS 1 UAAL	.111651 %	\$ 5,297,927
PERS 2/3	.139380 %	\$ 4,842,789
PSERS 2	.119209 %	\$ 23,357
Total Net Pension Liability reported on Schedule 09		\$ 10,237,906
LEOFF 1	.008803%	\$ (133,561)
LEOFF 2	.061563%	\$ (854,295)
VFFRPF	.100000%	\$ (37,100)

LEOFF Plan 1

The County also participates in the 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 is not mandated by the state constitution and could be changed by statute.

NOTE 7 – 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 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 the addition of \$30,273,751 in beginning cash balance, \$99,848,023 in deposits, \$105,290,727 in expenditures and \$24,831,047 in ending cash being 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 8 – OTHER DISCLOSURES

In 2017 the Deer Lake Management District failed to properly extend their budget for billing and collection fees due to the Stevens County Treasurer. The Trail Court Improvement Fund failed to properly extend their budget for security services and equipment installed by the Stevens County Informational Services Department.

OPEB

The County has a commitment to pay for post employment benefits for employees that belong to LEOFF 1. These benefits include medical, vision, dental and nursing care, etc. Four retirees received \$34,660 in benefits during the year.

DEFERRED COMPENSATION

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

CONTINGENCIES AND LITIGATION

In the opinion of management, the county's insurance policies are adequate to pay all known or pending claims against the county.

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

LANDFILL CLOSURE AND POST-CLOSURE ESTIMATES

Based on the engineering firm's estimate, the County has the following liabilities associated with the closure of its landfills. These amounts were updated in 2015 to values determined by CH2MHill:

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

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

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absences		1,087,637	127,003	-	1,214,640
263.22	Landfill Closure		10,800,000	-	-	10,800,000
263.22	Landfill Post Closure		9,000,000	-	-	9,000,000
263.52	Commissioner's Building		425,000	-	20,000	405,000
263.84	DSHS Developmental Disability	12/31/2018	72,153	7,938	-	80,091
263.84	Fish Hatchery Complex	12/1/2033	132,481	-	5,884	126,597
263.88	Public Works Trust Fund	7/1/2025	1,235,000	-	137,222	1,097,778
263.92	Bank of America - Ambulance Building	12/1/2021	132,785	-	27,900	104,885
264.30	Net Pension Liability		14,210,371	-	3,972,465	10,237,906
Total Revenue and Other (non G.O.) Debt/Liabilities:			37,095,427	134,941	4,163,471	33,066,897
Total Liabilities:			37,095,427	134,941	4,163,471	33,066,897

Stevens 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			Note
				From Pass- Through Awards	From Direct Awards	Total	
Forest Service Schools and Roads Cluster							
Forest Service, Department Of Agriculture (via Washington State Treasurer)	Schools and Roads - Grants to States	10.665	n/a	14,689	-	14,689	1.2
Total Forest Service Schools and Roads Cluster:				14,689	-	14,689	-
Office Of Community Planning And Development, Department Of Housing And Urban Development (via Washington State Department of Commerce, Community Services and Facilities Division)	Community Development Block Grants/State's program and Non- Entitlement Grants in Hawaii	14.228	16-62210-013	58,957	-	58,957	1.2
Office Of Community Planning And Development, Department Of Housing And Urban Development (via Washington State Department of Commerce, Community Services and Facilities Division)	Community Development Block Grants/State's program and Non- Entitlement Grants in Hawaii	14.228	17-62210-013	35,061	-	35,061	1.2
Total CFDA 14.228:				94,018	-	94,018	
Office For Victims Of Crime, Department Of Justice (via Washington Department of Commerce, Community Services and Housing Division, Office of Crime Victims Advocacy)	Crime Victim Assistance	16.575	18-31219-411	20,054	-	20,054	1.2
Office For Victims Of Crime, Department Of Justice (via Washington State Department of Commerce, Community Services and Housing Division, Office of Crime Victims Advocacy)	Crime Victim Assistance	16.575	S17-31102-536	29,085	-	29,085	1.2
Office For Victims Of Crime, Department Of Justice (via Washington State Department of Commerce, Community Services and Housing Division, Office of Crime Victims Advocacy)	Crime Victim Assistance	16.575	S18-31102-536	38,126	-	38,126	1.2
Total CFDA 16.575:				87,265	-	87,265	20,054
Violence Against Women Office, Department Of Justice (via Washington State Department of Commerce, Office of Crime Victims Advocacy, Community Services and Housing Division)	Violence Against Women Formula Grants	16.588	2013-WF-AX- 0055	16,222	-	16,222	1.2
Violence Against Women Office, Department Of Justice (via Washington State Department of Commerce, Office of Crime Victims Advocacy, Community Services and Housing Division)	Violence Against Women Formula Grants	16.588	F14-31103-064	13,325	-	13,325	1.2
Total CFDA 16.588:				29,547	-	29,547	-
Bureau Of Justice Assistance, Department Of Justice	Bulletproof Vest Partnership Program	16.607	2012BUBX12060 702	-	1,274	1,274	1.2

Stevens 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			Note
				From Pass- Through Awards	From Direct Awards	Passed through to Subrecipients	
Highway Planning and Construction Cluster							
Federal Highway Administration (fhwa), Department Of Transportation (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	HSIP-OOS(394)	384,277	-	384,277	1,2
Highway Safety Cluster							
National Highway Traffic Safety Administration (nhtsa), Department Of Transportation (via Washington Association of Sheriffs and Police Chiefs)	State and Community Highway Safety	20.600	120-6200-0	1,000	-	1,000	1,2
Total Highway Planning and Construction Cluster:				384,277	-	384,277	
Total Highway Safety Cluster:				1,000	-	1,000	
Office Of Special Education And Rehabilitative Services, Department Of Education (via Washington State Department of Social & Health Services)	Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	1663-70149	71,151	-	71,151	1,2
Administration For Children And Families, Department Of Health And Human Services (via Washington State Department of Social & Health Services, Division of Child Support)	Child Support Enforcement	93.563	2110-80609	156,219	-	156,219	1,2, 7
Administration For Children And Families, Department Of Health And Human Services (via Washington State Department of Social & Health Services)	Child Support Enforcement	93.563	2110-80609	27,474	-	27,474	1,2, 7
Administration For Children And Families, Department Of Health And Human Services (via Washington State Department of Social & Health Services, Division of Child Support)	Child Support Enforcement	93.563	0763-15107	2,702	-	2,702	1,2, 7
Total CFDA 93.563:				186,395	-	186,395	
Substance Abuse And Mental Health Services Administration, Department Of Health And Human Services (via Washington State Department of Social & Health Services, Spokane County Regional Behavioral Health Organization)	Block Grants for Community Mental Health Services	93.958	16BHO1929	36,300	-	36,300	1,2
Substance Abuse And Mental Health Services Administration, Department Of Health And Human Services (via Washington State Department of Social & Health Services, Spokane County Regional Behavioral Health Organization)	Block Grants for Community Mental Health Services	93.958	16BHO1930	41,473	-	41,473	1,2
Total CFDA 93.958:				77,773	-	77,773	

Stevens 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			Note
				From Pass- Through Awards	From Direct Awards	Passed through to Subrecipients	
Substance Abuse And Mental Health Services Administration, Department Of Health And Human Services (via Washington State Department of Social & Health Services, Spokane Regional Behavioral Health Organization)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	16hbo1930	21,935	-	-	1,2
Substance Abuse And Mental Health Services Administration, Department Of Health And Human Services (via Washington State Department of Social & Health Services, Spokane regional Behavioral Health Organization)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	17BHO2118	19,005	-	-	1,2
Total CFDA 93.959:				40,940	-	40,940	
Federal Emergency Management Agency (fema), Department Of Homeland Security (via Washington State Military Department)	Emergency Management Performance Grants	97.042	E17-146	25,245	-	-	1,2
Federal Emergency Management Agency (fema), Department Of Homeland Security (via Spokane County Department of Emergency Management)	Homeland Security Grant Program	97.067	E17-082	24,851	-	-	1,2
Federal Emergency Management Agency (fema), Department Of Homeland Security (via Spokane County Department of Emergency Management)	Homeland Security Grant Program	97.067	E17-097	15,000	-	-	1,2
Federal Emergency Management Agency (fema), Department Of Homeland Security (via Washington State Military Department, Emergency Management Division)	Homeland Security Grant Program	97.067	E16-194	29,208	-	-	1,2
Federal Emergency Management Agency (fema), Department Of Homeland Security (via Washington State Military Department, Emergency Management Division)	Homeland Security Grant Program	97.067	E17-158	27,265	-	-	1,2
Total CFDA 97.067:				96,324	-	96,324	
Total Federal Awards Expended:				1,108,624	1,274	1,109,898	114,072

STEVENS COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2017

NOTE 1 – BASIS OF ACCOUNTING

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

NOTE 2 – PROGRAM COSTS

The amounts shown as current year expenditures represent only the federal portion of program costs. Entire program costs, including the County's portion, are more than shown. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform 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 7 – INDIRECT COST RATE

The amount expended includes \$9,713 claimed as an indirect cost recovery using an approved indirect cost rate of 8.80%. The County has not elected to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

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