



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

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

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

**Published November 13, 2018**

**Report No. 1022495**





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

November 13, 2018

Board of Commissioners  
Grant County  
Ephrata, Washington

**Report on Financial Statements and Federal Single Audit**

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

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

Sincerely,

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

Pat McCarthy  
State Auditor  
Olympia, WA

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

### Grant County January 1, 2017 through December 31, 2017

#### SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of Grant 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 deficiencies that we consider to be material weaknesses.

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

##### Federal Awards

##### Internal Control over Major Programs:

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

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

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

### **Identification of Major Federal Programs:**

The following program was selected as a major program in our audit of compliance in accordance with the Uniform Guidance.

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

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

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

## **SECTION II – FINANCIAL STATEMENT FINDINGS**

See finding 2017-001.

## **SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None reported.

## SCHEDULE OF AUDIT FINDINGS AND RESPONSES

### Grant County

January 1, 2017 through December 31, 2017

#### **2017-001 The County did not have adequate internal controls to ensure accurate reporting of its financial statements.**

##### *Background*

County Commissioners, state and federal agencies, and the public rely on the information included in the financial statements and reports to make decisions. County management is responsible for designing, implementing and maintaining internal controls that provide reasonable assurance regarding reliability of financial reporting. Our audit identified deficiencies in internal controls that hindered the County's ability to produce reliable financial statements and reports.

*Government Auditing Standards* requires auditors to communicate material weaknesses, as defined in the Applicable Laws and Regulations section below, as a finding.

##### *Description of Condition*

Our audit identified the following deficiencies in internal controls over accounting and financial reporting that when taken together represent a material weakness:

- County staff responsible for financial statement preparation lacked the technical knowledge of changing requirements to accurately prepare the Statement of Fiduciary Fund Resources and Uses Arising from Cash Transactions.
- The County Auditor's Office prepares the Statement of Fiduciary Fund Resources and Uses Arising from Cash Transactions using financial information and reports from the Treasurer's Office. However, the County Auditor's Office does not consult with the Treasurer's Office to better understand this financial information or determine its accuracy or completeness before including it on the schedule.
- The County lacked sufficient controls over direct adjustments to accounting records such as journal entries and prior-period adjustments to verify they were authorized, supported, and reviewed for accuracy before posting.
- The secondary review of the financial statements and notes was not adequate to verify accuracy of reporting and disclosures in the statements and supplementary information.

## ***Cause of Condition***

The County has not dedicated the necessary time or resources for its staff to prepare financial statements in accordance with *the Budgeting, Accounting and Reporting System* (BARS) Manual. Further, staff responsible for financial reporting have not established a process to properly segregate duties to protect the integrity of the financial data, or provide a formal, independent review of the statements before submitting them for audit.

Additionally, a lack of communication between County departments impedes adequate knowledge and understanding of financial activity for proper reporting.

## ***Effect of Condition***

The original Statement of Fiduciary Fund Resources and Uses Arising from Cash Transactions presented for audit contained an unsupported \$710,000 prior-period adjustment. Further, we identified large discrepancies between reported figures and our audit expectations as follows:

- Beginning cash and investments exceeded expectations by \$11.8 million.
- Reported additions exceeded expectations by \$588 million.
- Reported deductions exceeded expectations by \$600 million.
- Ending cash and investments was less than our expectation by \$658 thousand.

The County could not explain these variances, and decided instead to prepare a new schedule. However, the County overstated both additions and deductions on the new schedule by about \$766 million. The County has since corrected these errors.

We also identified additional, less-significant errors in the County's financial statements and supplementary information.

Further, the County did not meet its federal compliance audit reporting deadline, because it did not submit its audit to the Federal Audit Clearinghouse by September 30, 2018.

## ***Recommendations***

We recommend the County provide adequate time and training to staff responsible for financial accounting and reporting to ensure the County's financial statements comply with reporting requirements established by the BARS Manual.

We also recommend the County:

- Establish controls to reconcile the financial records to County Treasurer activity to improve the accuracy of reporting
- Formalize a process to identify and independently review direct adjustments to accounting records. This process should include adequate segregation of duties between preparing, posting and reviewing
- Implement a detailed financial statement review process to accurately and completely report financial information

### ***County's Response***

*Since 2016, the Accounting Department staff have attended BARS training classes at least once, but in some cases twice. Additionally, multiple staff attended the Beginning Governmental Accounting – Cash Basis training provided by MRSC, and Grant County hosted a Federal Grant Requirements training class in November 2017, which was also attended by a large number of staff (who administer grants for their departments) from other Grant County departments. The Auditor and the Chief Accountant both attended the Cash Counties Reporting Workshop sponsored by WSACA in March 2018 which focused on the annual report content and upcoming changes to the annual report Schedule 6 and Schedule 1. The Auditor, Chief Accountant and Accounting department staff will continue to look for relevant training classes to attend that will benefit us in completion of our day-to-day processes and procedures, as well as our understanding and improvement of financial statement preparation and reporting.*

*The Accounting Department has worked diligently to complete cash reconciliations to the Treasurer's Department for all Grant County funds since 2016. We are still working on cleaning up some outstanding items on 7 of the Grant County funds. We are continuing the work to complete the research and cleanup of any remaining prior period items before the end of 2018 for these seven funds. In addition to the Grant County funds, the Accounting Department is diligently working on similar reconciliations for all Special District Funds and anticipates completion of those reconciliations by the end of 2018 or early-to-mid 2019. Additionally, once all cash reconciliations are complete, we will begin working on reconciliations/cleanup of all balance sheet accounts in our system that have a balance to ensure that the balances are accurate and are true current assets or liabilities of the County. We are also researching the classification of all of the Special Purpose District Funds to ensure that they are all being reported accurately.*



*The Accounting Department will be implementing a process to reconcile revenues and expenses to the Treasurer's reported revenues and expenses on a monthly basis for each Grant County and Special District Fund. To achieve this, we will require the Treasurer's Office assistance in providing us a detailed breakdown of cash and non-cash transfers for all funds, but specifically for the Special District Funds that use registered warrants issued by the Treasurer's Office. Once this information is obtained and the monthly reconciliation is completed, we will have confidence that the amounts reported as revenue and expenses on the Schedule 1 and the Statement of Fiduciary Fund Resources and Uses Arising from Cash Transactions are accurate.*

*Since October 2016, the Accounting Department staff has remained stable with no turnover. The Accounting Department staff has been cross-trained to perform the payroll and A/P functions so that if one staff member is out of the office for a length of time, work will continue with minimal disruption. On-going cross-training will continue within the Accounting Department and we are also continuing work on documenting instructions for all processes/procedures within the department. As necessary, we perform group or individual instruction on processes/procedures for Grant County staff in other departments who provide information to the Accounting Department for processing payroll, accounts payable, grant reporting, inventory, etc.*

*We have implemented a review process for journal entries posted by the Accounting Department. Journal entries posted by the Accounting Clerk are reviewed by the Chief Accountant and entries posted by the Chief Accountant are reviewed by the Auditor (or in the Auditor's absence, the Accounting Clerk, if immaterial). The Auditor is no longer posting journal entries. Journal entries identified by the Auditor are forwarded to the Chief Accountant and Accounting Clerk for research and eventual posting with supporting documentation. Reviewed journal entries and supporting documentation are scanned into the shared Accounting drive and saved by JE # and Batch # by year/month, by entity (Grant County or Special District).*

*The Chief Accountant and Accounting Clerk will work closely with the Auditor during the 2018 annual report filing to document the financial statement preparation and filing process. Ultimately, our goal is to implement a process whereby the Accounting Clerk and/or Chief Accountant prepares the financial statements and schedules, which are then reviewed by the Chief Accountant (statements/schedules prepared by Accounting Clerk) or Auditor (statements/schedules prepared by Chief Accountant), with a final review of the entire financial statement package by the Auditor before submitting to the SAO website.*

### ***Auditor's Remarks***

We appreciate the steps the County is taking to resolve this issue and we will review this condition during the next audit.

### ***Applicable Laws and Regulations***

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

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

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

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



GRANT COUNTY  
AUDITOR'S OFFICE  
P.O. BOX 37  
EPHRATA, WA 98823

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### Grant County January 1, 2017 through December 31, 2017

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

<b>Audit Period:</b> January 1, 2016 through December 31, 2016	<b>Report Ref. No.:</b> 1021757	<b>Finding Ref. No.:</b> 2016-001
<b>Finding Caption:</b> The County's internal controls over financial statement preparation were inadequate to ensure accurate and complete reporting.		
<b>Background:</b> The County staff responsible for financial statement preparation lacked technical knowledge and experience necessary to ensure financial statements and notes were prepared accurately and secondary review of the financial statements and notes was not adequate to ensure financial statements were accurate and presented in accordance with the <i>Budgeting, Accounting and Reporting System Manual</i> . County management did not adequately monitor the accounting department to ensure monthly reconciliations were performed and that journal entries were adequately supported.		
<b>Status of Corrective Action: (check one)</b> <input type="checkbox"/> Fully Corrected <input checked="" type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid		
<b>Corrective Action Taken:</b> <i>All accounting staff have attended BARS training and/or refresher courses over the past two years. Other classes/seminars have been attended by various accounting department staff as appropriate for their positions. We will attend additional training and/or refresher courses as they become available to continue to provide us with the necessary knowledge to prepare the financial statements.</i>		

*A detailed process for a secondary review of the financial statements has been put into place. We are continually looking for ways to improve and streamline this process and will continue to update the process as we find ways to improve.*

*All Grant County funds are reconciled with the treasurer's office information and timing variances/issues identified. We are working on completing reconciliations to the treasurer's office information for all Special District funds. Procedures to balance monthly have been put into place. We are working with the treasurer's office to automate as many of the month-end reports as possible in an effort to shorten the month-end process, reduce the number of hand-keyed journal entries and ultimately eliminate posting errors.*

*We have implemented a journal entry review process and will update this process as we continue to find ways to improve.*

**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**

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

Board of Commissioners  
Grant County  
Ephrata, 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 Grant 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 28, 2018.

As discussed in Note 9 to the financial statements, during the year ended December 31, 2017, the County adopted new accounting guidance for presentation and disclosure of amounts collected and held for special purpose districts in fiduciary funds, as required by the BARS manual.

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

## INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Audit Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

*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. We consider the deficiencies described in the accompanying Schedule of Audit Findings and Responses as Finding 2017-001 to be material weaknesses.

## COMPLIANCE AND OTHER MATTERS

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

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

## COUNTY'S RESPONSE TO FINDINGS

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

## PURPOSE OF THIS REPORT

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



Pat McCarthy

State Auditor

Olympia, WA

September 28, 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**

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

Board of Commissioners  
Grant County  
Ephrata, Washington

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

We have audited the compliance of Grant 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**

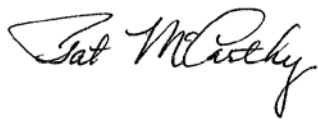
Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types 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 28, 2018

# INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

## Grant County January 1, 2017 through December 31, 2017

Board of Commissioners  
Grant County  
Ephrata, Washington

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Grant 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 23.

#### 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, Grant 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 Grant 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 Grant 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 9 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 28, 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, flowing style.

Pat McCarthy  
State Auditor  
Olympia, WA

September 28, 2018

## **FINANCIAL SECTION**

### **Grant 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

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

		<b>Total for All Funds (Memo Only)</b>	<b>001 Current Expense</b>	<b>101 County Roads</b>	<b>102 Emergency Management</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	38,547,322	-	8,185,451	-
30880	Unreserved	28,134,259	9,975,482	-	163,214
388 / 588	Prior Period Adjustments, Net	80,544	298,455	(1,278,369)	-
<b>Revenues</b>					
310	Taxes	44,568,476	28,168,997	9,453,455	-
320	Licenses and Permits	985,352	134,621	-	-
330	Intergovernmental Revenues	27,173,994	5,607,139	13,686,825	156,770
340	Charges for Goods and Services	31,548,351	3,267,205	305,685	1,428
350	Fines and Penalties	1,742,020	1,676,580	-	-
360	Miscellaneous Revenues	9,107,494	2,898,093	163,791	-
Total Revenues:		115,125,687	41,752,636	23,609,756	158,198
<b>Expenditures</b>					
510	General Government	31,967,950	17,649,200	256,269	-
520	Public Safety	20,366,768	17,101,288	203,567	334,489
530	Utilities	3,296,156	-	-	-
540	Transportation	17,874,820	7,116	15,646,224	-
550	Natural and Economic Environment	1,669,211	1,035,777	-	-
560	Social Services	14,101,999	668,424	-	-
570	Culture and Recreation	2,429,562	2,189,557	-	-
Total Expenditures:		91,706,466	38,651,363	16,106,060	334,489
Excess (Deficiency) Revenues over Expenditures:		23,419,221	3,101,273	7,503,696	(176,291)
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	6,554,000	-	-	-
397	Transfers-In	7,743,484	72,257	-	78,566
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	142,872	72	-	-
381, 395, 398	Other Resources	2,010,161	391	177,780	-
Total Other Increases in Fund Resources:		16,450,516	72,720	177,780	78,566
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	15,031,484	332,458	8,322,082	-
591-593, 599	Debt Service	8,907,239	-	-	-
597	Transfers-Out	7,743,484	5,066,090	-	-
585	Special or Extraordinary Items	100,800	-	-	-
586 / 589	Custodial Activities	1,543,362	31,922	658,370	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		33,326,368	5,430,470	8,980,452	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>6,543,369</b>	<b>(2,256,477)</b>	<b>(1,298,976)</b>	<b>(97,725)</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	39,236,382	-	5,608,105	-
5088000	Unreserved	34,069,110	8,017,460	-	65,489
<b>Total Ending Cash and Investments</b>		<b>73,305,493</b>	<b>8,017,460</b>	<b>5,608,105</b>	<b>65,489</b>

The accompanying notes are an integral part of this statement.



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

		<b>104 Veteran's Assistance</b>	<b>107 Drug Seizure</b>	<b>108 Mental Health</b>	<b>109 I-NET</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	374,808	7,789	-	46,837
30880	Unreserved	-	-	2,786,183	-
388 / 588	Prior Period Adjustments, Net	1,513	-	25,427	-
<b>Revenues</b>					
310	Taxes	133,359	-	3,563	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	57	-	2,000,350	-
340	Charges for Goods and Services	-	-	9,236,457	7,508
350	Fines and Penalties	-	1,416	-	78
360	Miscellaneous Revenues	4,248	-	73,047	52,866
Total Revenues:		137,664	1,416	11,313,417	60,453
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	2,271	-	10,519
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	117,130	-	9,877,955	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		117,130	2,271	9,877,955	10,519
Excess (Deficiency) Revenues over Expenditures:		20,534	(855)	1,435,462	49,933
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	126,000	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	8,500	-
Total Other Increases in Fund Resources:		-	-	134,500	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	114,195	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	126,000	-
585	Special or Extraordinary Items	-	-	100,800	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	-	340,995	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>20,534</b>	<b>(855)</b>	<b>1,228,967</b>	<b>49,933</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	396,856	6,934	-	96,771
5088000	Unreserved	-	-	4,040,577	-
<b>Total Ending Cash and Investments</b>		<b>396,856</b>	<b>6,934</b>	<b>4,040,577</b>	<b>96,771</b>

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

		<b>110 Law Library</b>	<b>111 Treasurer's O&amp;M</b>	<b>113 Economic Enhancement</b>	<b>114 Tourist Advertising</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	23,009	86,443	1,907,980	493,626
30880	Unreserved	-	-	-	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	819,318	606,275
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	31,620	82,788	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	-	-	-
Total Revenues:		31,620	82,788	819,318	606,275
<b>Expenditures</b>					
510	General Government	-	42,240	60,882	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	5,000	441,796
560	Social Services	-	-	-	-
570	Culture and Recreation	30,716	-	-	-
Total Expenditures:		30,716	42,240	65,882	441,796
Excess (Deficiency) Revenues over Expenditures:		904	40,548	753,436	164,479
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	142,800	-
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	142,800	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	40,000	-	32,257
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	853,070	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	40,000	853,070	32,257
<b>Increase (Decrease) in Cash and Investments:</b>		<b>904</b>	<b>548</b>	<b>43,166</b>	<b>132,222</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	23,912	86,990	1,951,146	625,849
5088000	Unreserved	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>23,912</b>	<b>86,990</b>	<b>1,951,146</b>	<b>625,849</b>

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

		<b>118 INET Investigation</b>	<b>120 Crime Victims Support</b>	<b>121 Law and Justice</b>	<b>124 Auditor's O&amp;M</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	-	-	854,245	359,689
30880	Unreserved	79,300	155,354	-	-
388 / 588	Prior Period Adjustments, Net	(1,860)	-	(3,781)	-
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	64,907	865,148	66,174
340	Charges for Goods and Services	-	67,825	-	37,786
350	Fines and Penalties	59,100	-	-	-
360	Miscellaneous Revenues	-	-	-	-
Total Revenues:		59,100	132,732	865,148	103,960
<b>Expenditures</b>					
510	General Government	-	79,657	-	132,718
520	Public Safety	12,239	-	532,799	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		12,239	79,657	532,799	132,718
Excess (Deficiency) Revenues over Expenditures:		46,861	53,075	332,349	(28,758)
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	69,778	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	69,778	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	13,433	-	155,292	-
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:		13,433	-	155,292	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>33,428</b>	<b>53,075</b>	<b>246,835</b>	<b>(28,758)</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	-	-	1,097,299	330,930
5088000	Unreserved	110,868	208,428	-	-
<b>Total Ending Cash and Investments</b>		<b>110,868</b>	<b>208,428</b>	<b>1,097,299</b>	<b>330,930</b>

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

		<b>125 Developmental Disability</b>	<b>128 New Hope Domestic Violence</b>	<b>129 Affordable Housing</b>	<b>133 Rural Economic Development</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	-	-	3,828	4,764,237
30880	Unreserved	73,680	32,390	-	-
388 / 588	Prior Period Adjustments, Net	4,967	7,204	-	-
<b>Revenues</b>					
310	Taxes	260,726	-	-	1,024,148
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	100,800	777,088	-	-
340	Charges for Goods and Services	1,581,531	146,712	461,466	-
350	Fines and Penalties	-	100	-	-
360	Miscellaneous Revenues	3,000	50,912	-	-
Total Revenues:		1,946,057	974,812	461,466	1,024,148
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	66,388	-
560	Social Services	1,799,939	986,949	355,907	-
570	Culture and Recreation	-	-	-	140,000
Total Expenditures:		1,799,939	986,949	422,295	140,000
Excess (Deficiency) Revenues over Expenditures:		146,118	(12,136)	39,171	884,148
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	126,000	15,000	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		126,000	15,000	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	-	200,000
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	126,000	-	-	464,703
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		126,000	-	-	664,703
<b>Increase (Decrease) in Cash and Investments:</b>		<b>146,118</b>	<b>2,864</b>	<b>39,171</b>	<b>219,445</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	-	-	42,999	4,983,681
5088000	Unreserved	224,765	42,458	-	-
<b>Total Ending Cash and Investments</b>		<b>224,765</b>	<b>42,458</b>	<b>42,999</b>	<b>4,983,681</b>

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

		<b>135 Emergency Communication s</b>	<b>136 Dispute Resolutions</b>	<b>138 Building</b>	<b>140 Sheriff Surplus</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	2,725,718	-	-	-
30880	Unreserved	-	(155)	14,080	80,298
388 / 588	Prior Period Adjustments, Net	11,000	880	477	-
<b>Revenues</b>					
310	Taxes	2,809,650	-	-	-
320	Licenses and Permits	-	-	850,731	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	13,660	30	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	36,460	-	13	-
Total Revenues:		2,846,110	13,660	850,773	-
<b>Expenditures</b>					
510	General Government	-	13,625	-	-
520	Public Safety	1,047,341	-	963,012	51,525
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		1,047,341	13,625	963,012	51,525
Excess (Deficiency) Revenues over Expenditures:		1,798,769	35	(112,238)	(51,525)
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	186,157	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	-	4,535
Total Other Increases in Fund Resources:		-	-	186,157	4,535
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	-	24,044
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	1,008,060	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		1,008,060	-	-	24,044
<b>Increase (Decrease) in Cash and Investments:</b>		<b>790,709</b>	<b>35</b>	<b>73,919</b>	<b>(71,034)</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	3,527,426	760	-	-
5088000	Unreserved	-	-	88,475	9,264
<b>Total Ending Cash and Investments</b>		<b>3,527,426</b>	<b>760</b>	<b>88,475</b>	<b>9,264</b>

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

		<b>190 Grant Administration</b>	<b>203 Fair G.O. Bond</b>	<b>205 MACC 2014 Construction Bond</b>	<b>207 MACC Construction Bond</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	-	-	777,731	300,109
30880	Unreserved	(125,636)	-	14,157	-
388 / 588	Prior Period Adjustments, Net	-	-	3,195	1,241
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	665,844	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	-	8,899	(1,182)
Total Revenues:		665,844	-	8,899	(1,182)
<b>Expenditures</b>					
510	General Government	9,100	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	120,251	-	-	-
560	Social Services	295,696	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		425,046	-	-	-
Excess (Deficiency) Revenues over Expenditures:		240,797	-	8,899	(1,182)
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	6,554,000	-
397	Transfers-In	-	877,227	1,008,060	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	877,227	7,562,060	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	87,335	-	-	-
591-593, 599	Debt Service	-	877,227	7,562,162	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		87,335	877,227	7,562,162	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>153,462</b>	<b>-</b>	<b>8,797</b>	<b>(1,182)</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	27,826	-	792,927	300,168
5088000	Unreserved	-	-	10,954	-
<b>Total Ending Cash and Investments</b>		<b>27,826</b>	<b>-</b>	<b>803,881</b>	<b>300,168</b>

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

		<b>208 Courthouse Improvement Bond</b>	<b>304 Museum Construction</b>	<b>307 MACC Construction Bond</b>	<b>308 Courthouse &amp; Juvenile Construction</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	-	250,777	2,073,877	1,171,811
30880	Unreserved	-	-	-	-
388 / 588	Prior Period Adjustments, Net	-	-	8,365	-
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	797,079
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	-	25,757	-
Total Revenues:		-	-	25,757	797,079
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	107,718	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	14,687	-	-
Total Expenditures:		-	14,687	107,718	-
Excess (Deficiency) Revenues over Expenditures:		-	(14,687)	(81,961)	797,079
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	467,850	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	-	25,199
Total Other Increases in Fund Resources:		467,850	-	-	25,199
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	653,865	1,608,261
591-593, 599	Debt Service	467,850	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		467,850	-	653,865	1,608,261
<b>Increase (Decrease) in Cash and Investments:</b>		-	(14,687)	(735,826)	(785,983)
<b>Ending Cash and Investments</b>					
5081000	Reserved	-	236,090	1,346,416	385,827
5088000	Unreserved	-	-	-	-
<b>Total Ending Cash and Investments</b>		-	<b>236,090</b>	<b>1,346,416</b>	<b>385,827</b>

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

		<b>309 County Fair Sewer Project</b>	<b>310 REET Projects</b>	<b>401 Solid Waste</b>	<b>501 Technology Services</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	224,157	3,512,500	6,060,975	-
30880	Unreserved	-	-	10,983,517	286,756
388 / 588	Prior Period Adjustments, Net	-	-	(57,970)	316,105
<b>Revenues</b>					
310	Taxes	-	1,288,985	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	12,704	2,373,108	-
340	Charges for Goods and Services	-	9,610	3,215,415	568,838
350	Fines and Penalties	-	-	4,745	-
360	Miscellaneous Revenues	-	-	258,682	3,766
Total Revenues:		-	1,311,300	5,851,951	572,605
<b>Expenditures</b>					
510	General Government	-	-	-	1,807,716
520	Public Safety	-	-	-	-
530	Utilities	-	-	3,296,156	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	3,182	51,418	-	-
Total Expenditures:		3,182	51,418	3,296,156	1,807,716
Excess (Deficiency) Revenues over Expenditures:		(3,182)	1,259,881	2,555,794	(1,235,112)
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	1,163,081
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	855,450	-	40,000	-
Total Other Increases in Fund Resources:		855,450	-	40,000	1,163,081
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	51,507	288,691	545,767	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	880,373	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		51,507	1,169,064	545,767	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>800,761</b>	<b>90,817</b>	<b>2,050,027</b>	<b>(72,031)</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	1,024,918	3,603,317	6,060,975	-
5088000	Unreserved	-	-	12,975,574	530,830
<b>Total Ending Cash and Investments</b>		<b>1,024,918</b>	<b>3,603,317</b>	<b>19,036,549</b>	<b>530,830</b>



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

		<b>503 Self Insurance</b>	<b>505 Interfund Benefits</b>	<b>506 Unemployment Compensation</b>	<b>507 Dental Insurance Fund</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	-	-	-	-
30880	Unreserved	33,262	509,225	838,116	390,559
388 / 588	Prior Period Adjustments, Net	-	2,172	3,382	1,577
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	1,159,827	8,679,400	220,859	703,249
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	6,783	18,333	9,757	4,404
Total Revenues:		1,166,609	8,697,733	230,617	707,654
<b>Expenditures</b>					
510	General Government	1,170,948	9,618,490	115,484	604,616
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		1,170,948	9,618,490	115,484	604,616
Excess (Deficiency) Revenues over Expenditures:		(4,338)	(920,757)	115,132	103,037
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	3,553,508	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	831,098	-	-
Total Other Increases in Fund Resources:		-	4,384,606	-	-
<b>Other Decreases in Fund Resources</b>					
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:		-	-	-	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(4,338)</b>	<b>3,463,849</b>	<b>115,132</b>	<b>103,037</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	-	-	-	-
5088000	Unreserved	28,924	3,975,247	956,630	495,173
<b>Total Ending Cash and Investments</b>		<b>28,924</b>	<b>3,975,247</b>	<b>956,630</b>	<b>495,173</b>

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

		<b>508 Other Payroll Benefits</b>	<b>509 Vision Benefits</b>	<b>510 Equipment Rental</b>	<b>523 Central Services</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	-	-	4,341,727	-
30880	Unreserved	384,537	359,708	-	9,145
388 / 588	Prior Period Adjustments, Net	101,328	1,451	630,004	-
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	266,361	230,530	59,790	137,307
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	5,653	4,705	5,473,265	-
Total Revenues:		272,014	235,235	5,533,055	137,307
<b>Expenditures</b>					
510	General Government	174,529	95,137	-	135,742
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	2,186,252	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		174,529	95,137	2,186,252	135,742
Excess (Deficiency) Revenues over Expenditures:		97,485	140,098	3,346,803	1,565
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	67,208	-
Total Other Increases in Fund Resources:		-	-	67,208	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	1,707,483	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	-	1,707,483	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>97,485</b>	<b>140,098</b>	<b>1,706,528</b>	<b>1,565</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	-	-	6,678,259	-
5088000	Unreserved	583,349	501,258	-	10,710
<b>Total Ending Cash and Investments</b>		<b>583,349</b>	<b>501,258</b>	<b>6,678,259</b>	<b>10,710</b>

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

		<b>560 Pits &amp; Quarries</b>
		<hr/>
<b>Beginning Cash and Investments</b>		
30810	Reserved	-
30880	Unreserved	1,091,087
388 / 588	Prior Period Adjustments, Net	3,782
<b>Revenues</b>		
310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	-
340	Charges for Goods and Services	1,055,466
350	Fines and Penalties	-
360	Miscellaneous Revenues	6,238
Total Revenues:		<hr/> 1,061,704
<b>Expenditures</b>		
510	General Government	1,597
520	Public Safety	-
530	Utilities	-
540	Transportation	35,228
550	Natural and Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		<hr/> 36,825
Excess (Deficiency) Revenues over Expenditures:		<hr/> 1,024,879
<b>Other Increases in Fund Resources</b>		
391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
386 / 389	Custodial Activities	-
381, 395, 398	Other Resources	-
Total Other Increases in Fund Resources:		<hr/> -
<b>Other Decreases in Fund Resources</b>		
594-595	Capital Expenditures	927,070
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:		<hr/> 927,070
<b>Increase (Decrease) in Cash and Investments:</b>		<hr/> <b>97,809</b>
<b>Ending Cash and Investments</b>		
5081000	Reserved	-
5088000	Unreserved	1,192,678
<b>Total Ending Cash and Investments</b>		<hr/> <b>1,192,678</b>

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

		<b>Total for All Funds (Memo Only)</b>	<b>Investment Trust</b>	<b>Agency</b>
308	Beginning Cash and Investments	272,549,129	25,827,120	246,722,008
388 & 588	Prior Period Adjustment, Net	-	-	-
310-390	Additions	694,759,328	19,383,785	675,375,543
510-590	Deductions	703,516,624	14,773,849	688,742,775
	Net Increase (Decrease) in Cash and Investments:	-8,757,296	4,609,936	-13,367,232
508	Ending Cash and Investments	263,791,833	30,437,057	233,354,776

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

**Note 1 - Summary of Significant Accounting Policies**

The Grant County was incorporated on February 24, 1909 and operates under the laws of the state of Washington applicable to a county government. The county is a general purpose local government and provides public safety, road improvement, solid waste management, planning and zoning, cultural-recreation, judicial administration, health and social services, and general administrative services.

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

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

A. Fund Accounting

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

GOVERNMENTAL FUND TYPES:

General Fund (Current Expense)

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

Special Revenue Funds

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

Debt Service Funds

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

#### Capital Projects Funds

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

#### Permanent Funds

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

#### PROPRIETARY FUND TYPES:

##### Enterprise Funds

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

##### Internal Service Funds

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

#### FIDUCIARY FUND TYPES:

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

##### Private-Purpose Trust Funds

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

##### Agency Funds

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

#### B. Basis of Accounting and Measurement Focus

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

In accordance with state law the county does not recognize expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period. This is a change in accounting policy, the change does not materially affect the statements.

### C. Budgets

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

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

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

### **Grant County Budget 2017**

<b>Fund</b>	<b>Name</b>	<b>Final Appropriated Amounts</b>	<b>Actual Expenditures</b>	<b>Variance</b>
001	Current Expense	43,579,628.94	42,929,873.41	649,755.52
101	Co Roads	30,931,300	25,109,368.12	5,821,931.88
102	Emergency Management Expense	334,879	334,488.86	390.14
103	Parks and Trail	25,000	2,127.35	22,872.65
104	Veteran's Assistance	133,000	117,129.57	15,870.43
107	Sheriff Drug Seizures Expense	7,013	2,270.64	4,742.36
108	Mental Health/City View	10,867,988.82	10,222,101.42	645,887.40
109	INET Forfeiture	45,000	10,518.85	34,481.15
110	Law Library	35,050	30,716.33	4,333.67
111	Treasurer's O&M	84,000	82,240.22	1,759.78
112	Jail Concession Expense	175,650.11	208,243.29	-32,593.18
113	Econ Enh SIP	1,709,908.67	918,951.75	790,956.92
114	Tourist Advertising	527,683	474,052.58	53,630.42
116	Fair Grounds/Park	1,440,608.25	1,470,194.01	-29,585.76
118	INET Criminal Investigation	90,000	27,532	62,468
120	Crime Victims Comp.	136,307	79,657.32	56,649.68
121	Law & Justice Expense	762,500	671,884.83	90,615.17
122	Turnkey Lighting	516	491.27	24.73
124	Auditor's O&M	387,025.25	132,717.91	254,307.34
125	Developmental Disabilities Residential	2,325,542.33	1,926,152.74	399,389.59
126	Real Estate Excise Tax 1st	587,332.44	340,109.37	247,223.07
127	Trial Crt Improvements Expense	69,000	16,205.75	52,794.25
128	Domestic Violence/New Hope	1,177,371.5	986,948.5	190,423
129	Affordable Housing	90,000	66,387.9	23,612.1
130	Homeless Housing	400,000	355,907.04	44,092.96
132	Real Estate Excise Tax 2nd	581,000	880,373.33	-299,373.33
133	Econ Enhance. Rural Expense	805,000	804,703.25	296.75

135	Emerg. Comm. Service Expense	2,823,000	2,055,401.66	767,598.34
136	Dispute Resolution	15,000	13,625	1,375
138	Building Fire	1,017,402	962,534.41	54,867.59
139	REET ADMIN	50,000		50,000
140	Sheriff Surplus	129,642.14	75,569.41	54,072.73
161	Hillcrest CRID	7,000	6,624.69	375.31
190	Grant Admin	1,657,179	512,381.7	1,144,797.3
203	2007 Bond Expense	877,800	877,226.58	573.42
205	MACC Construction Bond	1,058,908	1,008,162	50,746
208	Courthouse Improvement Bond	468,550	467,850	700
304	Museum Construction	245,941	14,687.44	231,253.56
307	MACC Construction Bond		761,582.97	-761,582.97
308	Courthouse Improvement Bond	1,477,740	1,608,261.1	-130,521.1
309	County Fair - Sewer Project	57,469.9	54,689.16	2,780.74
401	Solid Waste	5,340,000	3,841,924.85	1,498,075.15
501	Technology Services	1,433,319.6	1,476,333.05	-43,013.45
502	Quadrennial Expense	331,456	331,383.02	72.98
503	Insurance	1,269,827	1,170,947.57	98,879.43
505	Interfund Benefits	11,789,127.87	9,618,489.6	2,170,638.27
506	Unemployment Comp.	203,000	115,484.26	87,515.74
507	Dental Insurance Fund	671,851	604,615.81	67,235.19
508	Other Payroll Benefits	203,895	174,529.2	29,365.8
509	Vision Benefit	172,000	95,137.03	76,862.97
510	Equipment Rental	5,590,000	3,893,735.52	1,696,264.48
523	Central Services	137,307	135,741.92	1,565.08
525	Healthcare Reserve			0
560	Pits & Quarries	1,030,000	963,895.01	66,104.99
<b>Total</b>		135,365,719.8	119,042,160.6	16,323,559.25

Budgeted amounts are authorized to be transferred between (departments within any fund 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.



### Adjusting Entries

Classifications:	
Total for All funds (Memo Only)	\$ 80,544.00
001 Current Expense	\$ 28,455.00
101 County Roads	\$(1,278,369.00)
104 Veteran's Assistance	\$ 1,513.00
108 Mental Health	\$ 25,427.00
118 INET Investigation	\$ (1,860.00)
121 Law and Justice	\$ (3,781.00)
125 Developmental Disability	\$ 4,967.00
128 New Hope Domestic Violence	\$ 7,204.00
135 Emergency Communications	\$ 11,000.00
136 Dispute Resolutions	\$ 880.00
138 Building	\$ 477.00
205 MACC 2014 Construction Bond	\$ 3,195.00
207 MACC Construction Bond	\$ 1,241.00
307 Macc Construction Bond	\$ 8,365.00
401 Solid Waste	\$ (57,970.00)
501 Technology Services	\$ 316,105.00
505 Interfund Benefits	\$ 2,172.00
506 Unemployment Compensation	\$ 3,382.00
507 Dental Insurance Fund	\$ 1,577.00
508 Other Payroll Benefits	\$ 101,328.00
509 Vision Benefits	\$ 1,451.00
510 Equipment Rental	\$ 630,004.00
560 Pits & Quarries	\$ 3,782.00

The prior period adjustments are corrections of accounting errors that occurred in the past and was reported on a prior year's financial statement. The adjustments included petty cash, change drawers and revolving funds that were not previous reported in our annual reports. These adjustments will change the carrying balance of the fund and adjust it as if the accounting was done properly in the past periods.

### **Note 2, COMPLIANCE AND ACCOUNTABILITY**

#### A. Budgetary Information

##### 1. Scope of Budget

Annual appropriated budgets are adopted for general, special revenue, debt service, capital project, and proprietary funds on the modified accrual basis of accounting. These budgets are adopted at the fund level. Appropriations for all budgeted funds lapse at year-end. Major capital projects are also included in the County's capital financing plan, which carries forward from year to year until fully expended or the purpose of the appropriation has been accomplished or abandoned.

## 2. Procedures for Adopting the Original Budget

The County's budget procedures are mandated by RCW 36.40. The steps in the budget process are as follows:

By the first Tuesday in October, the County Auditor submits a proposed budget to the County Commission. This budget is based on priorities established by the commission and estimates provided by County departments during the preceding months, and balanced with each department. The County Commission conducts public hearings on the proposed budget between November and December. The Board makes its adjustments to the proposed budget and adopts by resolution a final balanced budget no later than December 31st.

## 3. Amending the Budget

Any revisions that alter the total expenditures of the County, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the County Commission. Transfers of appropriations were not material in relation to original appropriations.

The financial statements contain the original and final budget information. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes applicable for the fiscal year.

## 4. Excess of Expenditures over Appropriations and Closure of Funds

307 MACC Construction Bond issued a payment not include in the 2017 budget.

112 Jail Concession; 116 Fair Grounds rolls into Current Expense fund, collectively not over budget.

126, 132, 139 REET Funds roll together and collectively not over budget.

129 Affordable Housing; 130 Homeless Housing roll together and are not over budget.

501 Technology Services did not get a budget extension processed and ended over budget.

## D. Cash and Investments

It is the County's policy to invest all temporary cash surpluses. The amount is included in the net cash and investments shown on the statements of fund resources and uses arising from cash transactions. The interest on these investments is posted to the general fund.

The County's deposits and certificates of deposit are covered by the Federal Deposit Insurance

Corporation (FDIC), and/or the Washington Public Deposit Protection Commission (WPDPC)

See Note 3, *Deposits and Investments*.

E. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of 1 years. Capital assets and inventory are recorded as capital expenditures when purchased.

F. Compensated Absences

Vacation leave may be accumulated up to amount specified in Union Contract, and is payable upon separation or retirement. Sick leave may be accumulated 960 hours. Upon separation or retirement employees do receive payment for unused sick leave. Payments are recognized as expenditures when paid.

G. Long-Term Debt

See Note 5, *Debt Service Requirements*.

H. Reserved Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments is reported as reserved when it is subject to restrictions on use imposed by external parties or due to internal commitments established by County Commissioners. 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 external restrictions from governmental granting agencies and internal restrictions placed on funds by the County's Commissioners.

Reserved Funds Balance

County funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

101 County Roads reserved for the construction, alteration, repair, improvement, or maintenance of county roads (RCW 36.82)

104 Veteran's Assistance reserved for the relief of indigent veterans, their families, and the families of deceased indigent veterans (RCW 73.08)

107 Drug Seizure reserved for the expansion and improvement of controlled substances related law enforcement activity (RCW 69.50)

109 INET Forfeiture, reserved exclusively for the expansion and improvement of controlled substances

related law enforcement activity. (RCW 69.50)

110 Law Library reserved for Law Library services for the public (RCW 27.24)

111 Treasurer O&M reserved for Treasurer Operations and Maintenance fund (RCW 84.56)

113 Economic Enhancement reserved to finance public facilities serving economic purposes. (RCW 82.14.370(3) and (5))

114 Tourist advertising reserved for paying all or any part of the cost of tourism promotion and acquisition or operation of tourism-related facilities.

121 Law & Justice the entire distribution must be expended for criminal justice purposes. RCW 82.14.310.

124 Auditor O & M reserved for ongoing preservation of historical documents of all county offices and departments (RCW 36.22)

129 & 130 Affordable and Homeless housing reserved for housing activities that serve extremely low and very low- income households in the county (RCW 36.22)

133 Rural Econ. Dev. reserved to finance public facilities serving economic purposes (RCW 82.14.370(3) and (5))

135 Emergency Communications reserved for financing, design, acquisition, construction, equipping, operating, maintaining, remodeling, repairing, reequipping, and improvement of emergency communications systems and facilities (RCW 82.14.420)

136 Dispute Resolution Center, reserved to be used solely for dispute resolution centers. (RCW 7.75.035)

190 Grant Administration, grant funds

303 Fair Construction, 304 Museum Construction, 307 MACC 2014 Construction, 308 Courthouse & Juvenile Improvement, 309 County Fair Sewer Project Fund, 310 REET Projects, all Capital Projects.

401 Solid Waste reserved for the operation, closure and post-closure. (173.303WAC)

510 Equipment Rental, reserved for the purchase, maintenance, and repair of county road department equipment; for the purchase of equipment, materials, supplies and services required in the administration and operation of the fund. (RCW 36.33A)

	General	Special	Debt	Capital		Internal	
Fund Balance	Fund	Revenue	Service	Project	Enterprise	Service	Total
Reserved For:							
Transportation		\$5,608,105					\$5,608,105
Public Safety		\$103,705					\$103,705
Archiving		\$330,930					\$330,930
Housing		\$42,999					\$42,999

Judicial		\$24,672					\$24,672
Veterans		\$396,856					\$396,856
Economic Environment		\$6,934,827					\$6,934,827
Tourism		\$625,849					\$625,849
Emergency Comm.		\$3,527,426					\$3,527,426
Tax Collection		\$86,990					\$86,990
Substance Abuse							
Mental Health							
Building							
Law and Justice		\$1,097,299					\$1,097,299
Capital Projects		\$27,826		\$6,596,568			\$6,624,394
Bond Principal			\$1,093,095				\$1,093,095
Interprise and Internal							
Services Fund Balance							
Solid Waste					\$6,060,975		\$6,060,975
Self-Insurance						\$0	
Tech Services							
Unemployment							
Payroll							
Equip. Repair & Replace						\$6,678,259	\$6,678,259
Pits and Quarries							
Reserved		\$18,807,484	\$1,093,095	\$6,596,568	\$6,060,975	\$6,678,259	\$39,236,381
Unreserved	\$8,017,460	\$4,790,324	\$10,954	\$0	\$12,975,574	\$8,274,799	\$34,069,111
Total	\$8,017,460	\$23,597,808	\$1,104,049	\$6,596,568	\$19,036,549	\$14,953,058	\$73,305,492

### **Note 3– 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. All investments are insured, registered or held by the county or its agent in the government's name.

The County has its own investment pool, which is administered by the Grant County Treasurer. The County's investments are insured, registered or held by the County of its agent in the County's name. The investment pool is also used by other agencies and funds which are held in trust by Grant County. The reference to Funds in Pool in the Investments by type below is referring to the Grant County Investment Pool.

Investments are reported at amortized cost and fair value. Investments by type at December 31, 2017 are

as follows:

	County's	County's	Agent	Agent		Total
	Share	Share	Funds	Funds		Fair Market
Type of Investment	Outside Pool	In Pool	in Pool	Outside Pool	Total	Value
LGIP		13,531.33	51,568,028.19	7,315,390.31	58,896,949.83	<b>58,896,949.83</b>
Agency Securities		68,222,670.41	191,842,861.81		260,065,532.22	250,392,606.23
Treasury Securities		2,615,589.66	7,355,065.44		9,970,655.10	9,961,740.00
Registered Warrants	7,549,335.07				7,549,335.07	<b>7,549,335.07</b>
Reg Wts-Quincy	0.00				0.00	0.00
Compensating Balance	3,500.00				3,500.00	3,500.00
Municipal Investor Accts				500,000.00	500,000.00	<b>500,000.00</b>
Undisbursed Pool Int		0.00	0.00		0.00	<b>9,766.69</b>
Outstanding Accrued Int		323,967.50	911,000.00		1,234,967.50	1,234,967.50
Prepaid Interest		11,919.45	33,517.60		45,437.05	45,437.05
TOTAL	7,552,835.07	71,187,678.35	251,710,473.04	7,815,390.31	338,266,376.77	328,594,302.37

#### **Note 4- Property Tax**

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

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

The county's regular levy for the year 2017 was \$ 1.7201172330 per \$1,000 on an assessed valuation of \$10,444,138,245 for a total regular levy of \$17,965,142.18.

The county is also authorized to levy up to \$2.25 per \$1,000 of assessed valuation in unincorporated areas for road construction and maintenance. The county's road levy for 2017 was \$1.7817125317 per \$1,000 on an assessed valuation of \$5,183,639,743 for a total road levy of \$9,235,755.89.

#### **Note 5 – Debt Service Requirements**

##### **Debt Service**

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the county and summarizes the county's debt transactions for year ended December 31, 2017.

##### **A. Long-Term Debt**

The County issues general obligation bonds to finance the purchase and construction of buildings and other capital assets. Bonded indebtedness has also been entered into to advance refund general obligation bonds. General obligation bonds have been issued for general government activities and are being repaid from the Criminal Justice Sales Tax, Distressed Counties Tax, and REET funds. These bonds are set to mature between 2027, 2030 and 2038.

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

Grant County - Outstanding Bonds - Annual Principal & Interest Payments for Fiscal Year 2017

Year	2007 LTGO Bonds		2010 LTGO Bonds		2014 LTGO Bonds		2015 LTGO Bonds		2016 LTGO Bonds		2017 LTGO Refunding of 2010		Total Debt Service	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015														
2016	555,000	48,238	380,000	363,470	\$20,000	296,313	\$0	272,150	\$310,000	159,830	\$0	-	\$1,265,000	\$1,140,001
2017	580,000	24,650	395,000	66,800	15,000	295,838	-	272,150	235,000	232,550	104,000	130,570	\$1,329,000	\$1,022,558
2018	-	-	410,000	51,000	20,000	295,481	585,000	272,150	245,000	225,500	92,000	141,900	\$1,352,000	\$986,031
2019	-	-	425,000	34,600	20,000	295,006	600,000	254,600	250,000	218,150	95,000	139,876	\$1,390,000	\$942,232
2020	-	-	440,000	17,600	25,000	294,531	625,000	230,600	255,000	210,650	97,000	137,786	\$1,442,000	\$891,167
2021	-	-	0	0	20,000	293,937	650,000	205,600	265,000	203,000	559,000	135,652	\$1,494,000	\$838,189
2022	-	-	0	0	20,000	293,463	680,000	179,600	275,000	195,050	573,000	123,354	\$1,548,000	\$791,467
2023	-	-	0	0	25,000	292,987	700,000	152,400	280,000	186,800	581,000	110,748	\$1,586,000	\$742,935
2024	-	-	0	0	25,000	292,394	730,000	124,400	290,000	175,600	594,000	97,966	\$1,639,000	\$690,360
2025	-	-	0	0	20,000	291,800	760,000	95,200	305,000	164,000	611,000	84,898	\$1,696,000	\$635,898
2026	-	-	0	0	25,000	291,000	800,000	64,800	315,000	151,800	621,000	71,456	\$1,761,000	\$579,056
2027	-	-	0	0	25,000	290,000	820,000	32,800	330,000	139,200	636,000	57,794	\$1,811,000	\$519,794
2028	-	-	0	0	25,000	289,000			340,000	126,000	650,000	43,802	\$1,015,000	\$458,802
2029	-	-	0	0	30,000	288,000			355,000	112,400	662,000	29,502	\$1,047,000	\$429,902
2030	-	-	0	0	30,000	286,800			370,000	98,200	679,000	14,938	\$1,079,000	\$399,938
2031	-	-	-	-	775,000	285,600			385,000	83,400	-	-	\$1,160,000	\$369,000
2032	-	-	-	-	805,000	254,600			400,000	68,000	-	-	\$1,205,000	\$322,600
2033	-	-	-	-	840,000	222,400			415,000	52,000	-	-	\$1,255,000	\$274,400
2034	-	-	-	-	870,000	188,800			435,000	35,400	-	-	\$1,305,000	\$224,200
2035	-	-	-	-	905,000	154,000			450,000	18,000	-	-	\$1,355,000	\$172,000
2036	-	-	-	-	945,000	117,800							\$945,000	\$117,800
2037	-	-	-	-	980,000	80,000							\$980,000	\$80,000
2038	-	-	-	-	1,020,000	40,800							\$1,020,000	\$40,800
	\$1,135,000	\$72,888	\$2,050,000	\$533,470	\$7,485,000	\$5,730,550	\$6,950,000	\$2,156,450	\$6,505,000	\$2,855,530	\$6,554,000	\$1,320,242	\$30,679,000	\$12,669,130

## B. Other Long-Term Liabilities

### Long-term Debt Agreements:

#### *ATEC Building Project –*

The County has committed a total of \$2,800,000 to help fund the ATEC project on the Big Bend Community College property. The County has committed to fund the ATEC project with annual payments of One Hundred Forty Thousand (\$140,000) from sales and use tax revenues, for a twenty year (20) period. The first annual payment commenced in September of 1999 with the last committed payment to be made September of 2019. As of fiscal year-end 2017, the County's liability of committed annual payments for the ATEC Building totaled \$280,000.

#### *Wastewater Treatment Facility/Port of Moses Lake -*

The County has committed a total of \$4,000,000 to help fund the building and operation of an Industrial Wastewater Treatment Facility on Port property. The County has committed to help fund the building of the Wastewater Treatment Facility with annual payment of Two Hundred Thousand dollars (\$200,000) from sales and use tax revenues, for a twenty year (20) period. The first annual payment commenced in

July 1<sup>st</sup>, 1999 with annual payments made on January 1<sup>st</sup>. The last payment will be made January 1<sup>st</sup>, 2019. As of fiscal year-end 2017, the County's liability of committed annual payments for the Wastewater Treatment Facility totaled \$400,000.

#### Landfill Post Closure Liabilities:

In the Schedule of Long Term Liabilities (Schedule 9), landfill closure and post-closure costs are in 2015 dollars and assume a full build-out of Cell-2 landfill, with closure costs beginning in 2029 and post closure expenses beginning in 2030.

#### Old Cell 1 closed and New Cell 2 open

In July of 2013, the County received an updated estimate for its' Post Closure Cost liability related to the County's Solid Waste landfill cell number one which was closed in 2008. Due to the discovery of contaminated groundwater beneath the closed landfill cell number one, the County has been informed that its' Post Closure Cost Liability is likely to increase significantly from what was reported as of fiscal year-end 2012.

The County operates a landfill that is divided into two cells. Cell 1 is closed as of 2008.

#### Old Cell

The old cell was closed in 2008 and an Updated Draft Feasibility Study was submitted to the Washington State Department of Ecology in March 2018. This old cell is also under an Agreed Order dated January 30, 2007 thru the Department of Ecology. The feasibility study recommended alternative 6 as the preferred cleanup action for the old cell and that will be the basis for estimating the liability costs. From Table 8 of the feasibility study, alternative 6 the Closure Liability of the Old Cell is **\$9,165,000** and the Post-Closure Liability Monitoring for an estimated 25 years is **\$9,063,000**. The City of Ephrata is also listed as potentially liable party for the old cell. Grant County has adequate insurance coverage to mitigate some costs incurred and has also received Department of Ecology grant funding for this site.

#### New Cell

The new cell was opened in 2004 and consists of 4 phases. Currently only phase 1 and 2 are open and phases 3 and 4 are in design (not constructed or in use). A draft closure/post closure plan for the new cell was completed in November of 2015 and will be used for the basis of estimating the liability costs. The costs from the report are all in 2015 dollars and will be adjusted up 2% for each year to get 2017 dollars. From Table 2.2 the Closure Liability of the new cell is \$5,792,000 (2015) adjusted to 2017 **\$6,026,000**. From Table 3.8 the Post-Closure liability for an estimated 30 years is \$2,214,900 (2015) adjusted to 2017 **\$2,304,000**.

#### Debt Refunding

The county issued \$ 6,554,000 of Limited Tax General Obligation Refunding Bonds to retire \$5,770,000 of the outstanding 2010 Sales Tax/Limited Tax General Obligation (Multi Agency Communications Center) Bonds. This refunding was undertaken to reduce total debt service payments over the next 14 years by \$711,438. The financial statements reflect other financing sources of \$0 and other financing uses of



\$63,650 in Costs of Issuance, \$101.83 of Contingency/Additional Proceeds, and \$6,490,248.17 for the Refunding Escrow Deposit, pertaining to this transaction.

## **Note 6 – Pension Plans**

### **A. State Sponsored Pension Plans**

Substantially all county's full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans (list only applicable plans).

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](http://www.drs.wa.gov).

The county also participates in the Volunteer Fire Fighters' 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](http://www.ofm.wa.gov).

At June 30, 2017 (the measurement date of the plans), the county's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	1,406,277	0.233785%	\$ 11,093,281
PERS 2/3	1,703,368	0.278880%	\$ 9,689,747
PSERS 2	105,667	0.452880%	\$ 88,733
LEOFF 1		0.026886%	\$ (407,920)
LEOFF 2	229,317.48	0.145162%	\$ (2,014,378)
VFFRPF	270.00	0.130000%	\$ (61)

#### **LEOFF Plan 1**

The county also participates in LEOFF Plan 1. The LEOFF Plan 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the

remaining liability will require new legislation. Starting on July 1, 2000, employers and employees contribute zero percent.

#### LEOFF Plan 2

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

#### A. Post-Retirement Benefits

In addition to the pension benefits described in this section, the County provides post-retirement benefits, in accordance with State statutes to all LEOFF 1 retirees. The County pays for the LEOFF 1 retirees' medical insurance premium and reimburses them for all medical costs not covered by insurance. Expenditures for post-retirement benefits are recognized on a "pay as you go basis" by the fund for which the employee worked prior to retirement. In 2017, the county spent \$55,004.37 in medical expenses for 18 LEOFF-1 retired members.

#### B. Local Government Pension Plans

### **Note 7 – Risk Management**

The County is a member of Washington Rural Counties Insurance Program (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 program was formed on September 1, 1998, when three counties in the state of Washington joined together by signing an Interlocal Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 1, 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, which are included to fit members various needs.

The program acquires insurance through their administrator, Clear Risk Solutions. Liability coverage is purchased to an aggregate limit of \$45,000,000 with a self-insured retention (SIR) of \$50,000. Members are responsible for a \$1,000 to \$10,000 deductible for each claim, while the program is responsible for the \$50,000 self-insured retention. Since the program is a cooperative program, there is a joint liability among the participating members toward the sharing of the \$50,000 self-insured retention, in addition to the deductible. The program also purchases a Stop Loss Policy as another layer of protection to its membership, with an attachment point of \$524,793.

Property insurance is subject to a per-occurrence self-insured retention of \$25,000. Members are responsible for a \$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.

451 Diamond Drive | Ephrata, WA 98823 | office (509) 754.2027 | toll-free 800.407.2027 | fax (509) 754.3406 | [www.wrcip.us](http://www.wrcip.us) Program Administrator: Clear Risk Solutions

Members contract to remain in the program for a minimum of one year, and must give notice prior to December 31 before terminating participation the following December 1. The Interlocal Agreement is renewed automatically each year. Even after termination, a member remains responsible for contributions to the program for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Agreement. The program is governed by an eight-member board of directors elected by each member's designated voting representative. It is felt the individual counties are best able to select their own representatives to manage their insurance association.

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

#### **Note 8 - Other Disclosures**

##### **Possible Additional Liabilities:**

Grant County is named as defendant in a few legal actions. Although the outcomes of these lawsuits are not presently known, the County is of the opinion that the present insurance policy and reserves are adequate to cover the potential settlements without adversely affecting the financial viability of the County.

Grant County participates in several federal and state grant programs. These grants are subject to an annual audit examination which includes compliance with granting agency terms and provisions, and with pertinent federal and state regulations. Failure to adequately comply with these provisions could result in a requirement to repay funds to the granting agency. Disallowed expenditures cannot be determined at this time, although it is expected that such amounts, if any, to be immaterial.

On February 16 2018 a Final Judgement was signed for the Plaintiff, ISTART Blues LLC in the amount of \$510,710.92.

##### **Consolidation of Funds:**

To comply with GASB 54 fund reporting requirements, the County included the Beginning and Ending fund balance and all Revenue and Expenditure transaction of all Special Revenue funds that are accounted for separately in managerial funds.

##### **Noxious Weed Board:**

The Grant County Noxious Weed Board is a separate governmental entity. Grant County's financial reports do not reflect any of the Noxious Weed Boards' financial activities. Grant County provides fiscal services for Noxious Weed Board including collecting, holding and investing all of Noxious Weed Board's funds, The County also processes the Noxious Weed Boards' Account Payables and Payroll. The

day to day operations of the Noxious Weed Board are carried out by the County Weed Coordinator under the direction of a County Commission appointed Board of Directors. The Weed Board is granted its authority within Washington State Law R.C.W. 17.10. The Weed Board has directed the Noxious Weed Department Staff to carry out R.C.W. 17.10 Laws using a combination of education and enforcement to control noxious weeds on their private or agency property.

Multi Agency Communications Center:

Multi Agency Communications Center is a separate governmental entity. Grant County issued 9.5 million dollars' worth of bonds on behalf of MACC in December 2010. The proceeds of the Bonds were used for a portion of the costs of the electronics infrastructure and acquisition of public safety communications equipment for the Multi Agency Communications Center (MACC) and MACC facilities (the MACC projects) and paying the costs related to issuance of the bonds. MACC's 1/10 of 1% sales tax is the pledge for repayment.

Note 9 – Fiduciary Activities

Washington State law requires counties to act as a fiscal agent on behalf of special purpose districts. The resources collected and held for these districts in a custodial capacity were previously omitted from the financial statements. Starting in fiscal year 2017, counties are required to report the custodial amounts on their financial statements. This requirement resulted in addition of \$ 268,789,272 in custodial deposits reported in the statement of Fiduciary Fund Resources and Uses Arising from Cash Transactions for the year ended December 31, 2017. In addition, these amounts are now required to be presented by fund type rather than by individual fund.

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

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>General Obligation Debt/Liabilities</b>						
251.11	LTGO BOND 2007 (FAIR)	12/1/2017	580,000	-	580,000	-
251.11	LTGO BOND 2010 (MACC)	12/1/2030	7,440,000	-	6,165,000	1,275,000
251.11	LTGO BOND 2014 (MACC)	12/1/2038	7,465,000	-	15,000	7,450,000
251.11	LTGO REFUNDING BOND 2017 (MACC)	12/1/2030	-	6,554,000	104,000	6,450,000
251.11	LTGO REFUNDING BONDS 2015	12/1/2027	6,950,000	-	-	6,950,000
251.11	LTGO BOND 2016 (COURTHOUSE)	12/1/2035	6,195,000	-	235,000	5,960,000
263.85	ATEC PROJECT	1/1/2019	420,000	-	140,000	280,000
263.85	PROCESS WATER SYSTEMS/PORT OF MOSES LAKE	1/1/2019	600,000	-	200,000	400,000
<b>Total General Obligation Debt/Liabilities:</b>			<b>29,650,000</b>	<b>6,554,000</b>	<b>7,439,000</b>	<b>28,765,000</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
259.12	COMPENSATED ABSENCES		2,470,383	-	64,051	2,406,332
263.22	LIABILITIES FOR LANDFILL CLOSURE AND POST CLOSURE	12/31/2043	24,840,080	1,717,920	-	26,558,000
264.30	NET PENSION LIABILITY		28,456,433	-	7,584,673	20,871,760
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>55,766,896</b>	<b>1,717,920</b>	<b>7,648,724</b>	<b>49,836,092</b>
<b>Total Liabilities:</b>			<b>85,416,896</b>	<b>8,271,920</b>	<b>15,087,724</b>	<b>78,601,092</b>

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

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
Dept. of Justice/ WA State Patrol	Marijuana Eradication 2017		K13207	-	32,009	32,009	-	1,3
<b>Child Nutrition Cluster</b>								
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF	School Breakfast Program	10.553	159852	-	5,003	5,003	-	1
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF	National School Lunch Program	10.555	159852	-	8,024	8,024	-	1
		<b>Total Child Nutrition Cluster:</b>			<b>13,027</b>	<b>13,027</b>	-	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	15-62210-022	-	244,898	244,898	240,798	4
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	16-62210-005	-	121,837	121,837	118,337	4
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	17-66210-005	-	1,913	1,913	1,914	4
		<b>Total CFDA 14.228:</b>			<b>368,648</b>	<b>368,648</b>	361,049	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Crime Victim Assistance	16.575	S17-31102-511	-	16,771	16,771	-	1

*The accompanying notes are an integral part of this schedule.*

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

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Crime Victim Assistance	16.575	S18-31102-511	-	23,298	23,298	-	1
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Crime Victim Assistance	16.575	F16-31119-771	-	46	46	-	1
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Crime Victim Assistance	16.575	1663-68154 & 1763-95601	-	70,071	70,071	-	1
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Crime Victim Assistance	16.575	17-31310-165 & 18-31310-165	-	77,616	77,616	-	1
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Crime Victim Assistance	16.575	S17-31119-057 & S18-31119- 057	-	79,949	79,949	-	1
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Crime Victim Assistance	16.575	18-31219-401	-	62,877	62,877	-	1
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Crime Victim Assistance	16.575	F16-31119-940	-	2,429	2,429	-	1
<b>Total CFDA 16.575:</b>				-	<b>333,057</b>	<b>333,057</b>	-	
OFFICE ON VIOLENCE AGAINST WOMEN (OVW), JUSTICE, DEPARTMENT OF	Violence Against Women Formula Grants	16.588	16-31103-48	-	22,000	22,000	-	1
OFFICE ON VIOLENCE AGAINST WOMEN (OVW), JUSTICE, DEPARTMENT OF	Violence Against Women Formula Grants	16.588	F16-31103-049	-	17,750	17,750	-	1
<b>Total CFDA 16.588:</b>				-	<b>39,750</b>	<b>39,750</b>	-	

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

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
OFFICE ON VIOLENCE AGAINST WOMEN (OVW), JUSTICE, DEPARTMENT OF	Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	16.589	RU0017	-	19,474	19,474	-	1
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX- 0197	-	10,903	10,903	-	1
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Edward Byrne Memorial Justice Assistance Grant Program	16.738	F16-31440-007	-	95,915	95,915	-	1
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Edward Byrne Memorial Justice Assistance Grant Program	16.738	F17-31440-005	-	29,265	29,265	-	1
<b>Total CFDA 16.738:</b>				-	<b>136,083</b>	<b>136,083</b>	-	
<b>Highway Planning and Construction Cluster</b>								
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	Highway Planning and Construction	20.205	LA-8735/LA- 8737	-	694,954	694,954	-	1,2
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	Highway Planning and Construction	20.205	LA-9082/LA- 8740	-	1,866,398	1,866,398	-	1,2
<b>Total Highway Planning and Construction Cluster:</b>				-	<b>2,561,352</b>	<b>2,561,352</b>	-	
<b>Highway Safety Cluster</b>								
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	State and Community Highway Safety	20.600	120-6200-00	-	22,762	22,762	-	1

The accompanying notes are an integral part of this schedule.



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

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	State and Community Highway Safety	20.600	Section 402	-	676	676	-	1
		20.600	Section 402	-	2,873	2,873	-	1
		Total CFDA 20.600:			-	26,311	26,311	-
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	National Priority Safety Programs	20.616	Section 402	-	3,786	3,786	-	1
		20.616	Section 402	-	4,716	4,716	-	1
		Total CFDA 20.616:			-	8,502	8,502	-
ENERGY, DEPARTMENT OF, None;	Environmental Monitoring/Cleanup, Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis	Total Highway Safety Cluster:		-	34,813	34,813	-	
		81.214	E17-116	-	73,056	73,056	-	1
		93.243	1763-94250; Amendment 1; 15-63-47065	-	42,660	42,660	-	1

*The accompanying notes are an integral part of this schedule.*

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

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF	Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	2016/17-2; 2017-3	-	251,719	251,719	-	1
		Total CFDA 93.243:			294,379	294,379	-	
		93.563	75-1501-0-1- 0609	-	77,441	77,441	-	1
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF	Child Support Enforcement	93.671	1663-68154 & 1763-95601	-	46,871	46,871	-	1
Medicaid Cluster								
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF	Medical Assistance Program	93.778	1563-47065	-	93,863	93,863	-	1,2
			Total Medicaid Cluster:	-	93,863	93,863	-	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF	Block Grants for Prevention and Treatment of Substance Abuse	93.959	2016/2017-001	-	108,590	108,590	-	1,2
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF	Block Grants for Prevention and Treatment of Substance Abuse	93.959	1763-94250; 15 -63-47065	-	49,212	49,212	-	1

*The accompanying notes are an integral part of this schedule.*

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

Expenditures						Passed through to Subrecipients	Note
Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	From Pass-Through Awards	From Direct Awards	Total	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF	Block Grants for Prevention and Treatment of Substance Abuse	93.959	2016/2017-0001	-	85,934	85,934	1
		Total CFDA 93.959:				243,737	-
						26,556	1
U.S. COAST GUARD, HOMELAND SECURITY, DEPARTMENT OF	Boating Safety Financial Assistance	97.012	3317FAS170153	-	26,556	26,556	1
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF	Emergency Food and Shelter National Board Program	97.024	885800007	-	1,011	1,011	1
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF	Emergency Food and Shelter National Board Program	97.024	888200-022	-	8,093	8,093	1
Total CFDA 97.024:				-	9,104	9,104	-
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4309-DR-WA	-	29,305	29,305	1
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF	Emergency Management Performance Grants	97.042	E17-106	-	53,724	53,724	1
Total Federal Awards Expended:				-	4,486,248	4,486,248	361,049

The accompanying notes are an integral part of this schedule.

## **Notes to the Schedule of Expenditures of Federal Awards**

January 1, 2017 through December 31, 2017

### **NOTE 1 - BASIS OF ACCOUNTING**

The County uses single-entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP) in the following manner:

- Revenues are recognized only when cash is received by the County.
- Expenditures are recognized when they are paid (issued) by the County.
- Revenues and expenditures are reported at gross amounts by account and not netted against each other.
- Revenues and expenditures are recognized for all receipts and payments of the County's resources, including any in which cash is handled by a County agent (i.e. bank, underwriter, etc.) on behalf of the County rather than being handled directly by the County.
- Interest earned on investments is recognized and reported at amortized cost and fair value.
- The County reports no assets other than cash and investments and has no reported liabilities other than those certain liabilities reported on Schedule 9 and in the notes on the financial statements.

### **NOTE 2 – PROGRAM COSTS**

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

### **NOTE 3 – NOT APPLICABLE (N/A)**

The County was unable to obtain a more accurate identification number.

### **NOTE 4 - AMOUNTS AWARDED TO SUBRECIPIENTS**

Included in the total amount expended for this program is \$361,048.60 that was passed through to a sub-recipient that administered its own project.

### **NOTE 5 – INDIRECT COST RATE**

The county has not elected to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.



GRANT COUNTY  
AUDITOR'S OFFICE  
P.O. BOX 37  
EPHRATA, WA 98823

## CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED UNDER UNIFORM GUIDANCE

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

This schedule presents the corrective action planned by the County for findings reported in this report in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

<b>Audit Period:</b> January 1, 2016 through December 31, 2016	<b>Report Ref. No.:</b> 1021757	<b>Finding Ref. No.:</b> 2016-001
<b>Finding Caption:</b> The County's internal controls over financial statement preparation were inadequate to ensure accurate and complete reporting.		
<b>Background:</b> The County staff responsible for financial statement preparation lacked technical knowledge and experience necessary to ensure financial statements and notes were prepared accurately and secondary review of the financial statements and notes was not adequate to ensure financial statements were accurate and presented in accordance with the <i>Budgeting, Accounting and Reporting System</i> Manual. County management did not adequately monitor the accounting department to ensure monthly reconciliations were performed and that journal entries were adequately supported.		
<b>Status of Corrective Action: (check one)</b> <input type="checkbox"/> Fully Corrected <input checked="" type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid		
<b>Corrective Action Taken:</b> <i>All accounting staff have attended BARS training and/or refresher courses over the past two years. Other classes/seminars have been attended by various accounting department staff as appropriate for their positions. We will attend additional training and/or refresher courses as they become available to continue to provide us with the necessary knowledge to prepare the financial statements.</i>		

*A detailed process for a secondary review of the financial statements has been put into place. We are continually looking for ways to improve and streamline this process and will continue to update the process as we find ways to improve.*

*All Grant County funds are reconciled with the treasurer's office information and timing variances/issues identified. We are working on completing reconciliations to the treasurer's office information for all Special District funds. Procedures to balance monthly have been put into place. We are working with the treasurer's office to automate as many of the month-end reports as possible in an effort to shorten the month-end process, reduce the number of hand-keyed journal entries and ultimately eliminate posting errors.*

*We have implemented a journal entry review process and will update this process as we continue to find ways to improve.*

## 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	<a href="mailto:PublicRecords@sao.wa.gov">PublicRecords@sao.wa.gov</a>
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	<a href="http://www.sao.wa.gov">www.sao.wa.gov</a>