



# Washington State Auditor's Office

Government that works for citizens

## Financial Statements and Federal Single Audit Report

### Stevens County

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

**Published September 29, 2016**

**Report No. 1017613**





## Washington State Auditor's Office

September 29, 2016

Board of Commissioners  
Stevens County  
Colville, Washington

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

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

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

Sincerely,

TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

## TABLE OF CONTENTS

Schedule Of Findings And Questioned Costs.....	4
Summary Schedule Of Prior Audit Findings .....	6
Independent Auditor’s Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards .....	8
Independent Auditor’s Report On Compliance For Each Major Federal Program And Report On Internal Control Over Compliance In Accordance With The Uniform Guidance .....	11
Independent Auditor’s Report On Financial Statements .....	14
Financial Section.....	18
About The State Auditor’s Office.....	45

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

### Stevens County January 1, 2015 through December 31, 2015

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

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

##### Financial Statements

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

##### Internal Control over Financial Reporting:

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

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

##### Federal Awards

##### Internal Control over Major Programs:

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

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

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

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

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

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

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

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

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

None reported.

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

None reported.

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### Stevens County January 1, 2015 through December 31, 2015

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

<b>Audit Period:</b> January 1, 2014 through December 31, 2014	<b>Report Ref. No:</b> 1015509	<b>Finding Ref. No:</b> 2014-001	<b>CFDA Number(s):</b> 97.067
<b>Federal Program Name and Granting Agency:</b> Homeland Security Grant Program U.S. Department of Homeland Security		<b>Pass-Through Agency Name:</b> Spokane County	
<b>Finding Caption:</b> The County did not have adequate internal controls to ensure it complied with time and effort requirements for its Homeland Security Grant Program.			
<b>Background:</b> During fiscal years 2011 through 2014, the County spent \$263,996 in Homeland Security Grant Program funds. Our audit found the County did not obtain monthly time and effort documentation for 14 employees whose positions were partially paid from the Homeland Security Grant Program. This was identified as a material weakness in internal controls over program compliance. However, the County had alternate documentation to support overtime costs charged to the grant, which was approved by an external agency. In total, we were unable to substantiate \$121,025 in payroll costs charged to the program and questioned these costs.			
<b>Status of Corrective Action:</b> <input checked="checked" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid			
<b>Corrective Action Taken:</b> <i>The funding for the Emergency Management Director position ended in 2014 and the position has been closed. Any future grants involving a full or partial reimbursement of wages will be examined carefully to properly comply with documentation requirements.</i>			

<b>Audit Period:</b> January 1, 2014 through December 31, 2014	<b>Report Ref. No:</b> 1015509	<b>Finding Ref. No:</b> 2014-02	<b>CFDA Number(s):</b> N/A
<b>Federal Program Name and Granting Agency:</b> NA		<b>Pass-Through Agency Name:</b> NA	
<b>Finding Caption:</b> County's internal controls over financial statement preparation are inadequate to ensure accurate reporting.			
<b>Background:</b> County elected officials and appointed management are responsible for designing and following internal controls that provide reasonable assurance regarding the reliability of financial reporting. Our audit identified deficiencies in internal controls that adversely affected the County's ability to produce reliable financial statements, notes and required schedules. The prior five audits identified control deficiencies in the financial statement preparation process that were reported to management.  As a result of the internal control deficiencies, our audit identified errors in reporting special purpose districts and clearing fund activity, which should be excluded in accordance with the applicable accounting manual. Additional errors were also identified on the Schedule of Liabilities, Notes to Financial Statements and Schedule of Expenditures of Federal Awards. Also, our audit found the County failed to submit its annual report on time as required by RCW 43.09.230 and also missed its federal single audit deadline.			
<b>Status of Corrective Action:</b> <input checked="checked" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid			
<b>Corrective Action Taken:</b> <i>The County personnel responsible for preparing the annual report attended the BARS round table, other trainings and also reviewed the current BARS Manual more closely to ensure the financial statements, notes and schedules were accurately prepared. The annual report was submitted by the due date and reviewed a first time for accuracy. County personnel are still continuing to improve and gain knowledge in preparing the annual report and had difficulty reconciling the Schedules 07 and 11. A more thorough second review by another person should be performed to ensure the annual report is accurate when submitted to the State Auditor's Office.</i>			

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

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

Board of Commissioners  
Stevens County  
Colville, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Stevens County, Washington, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's financial statements, and have issued our report thereon dated September 20, 2016.

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

## **INTERNAL CONTROL OVER FINANCIAL REPORTING**

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



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

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

## COMPLIANCE AND OTHER MATTERS

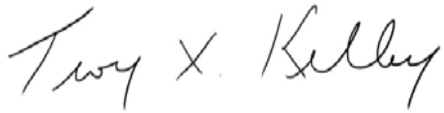
As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of the County's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material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

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

## PURPOSE OF THIS REPORT

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

this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

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

TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

September 20, 2016

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

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

Board of Commissioners  
Stevens County  
Colville, Washington

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

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

**Management's Responsibility**

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

**Auditor's Responsibility**

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

requirements and performing such other procedures as we considered necessary in the circumstances.

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

### **Opinion on Each Major Federal Program**

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

### **REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

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

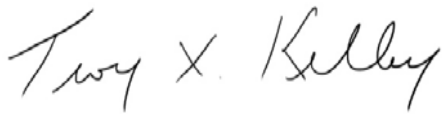
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies

in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

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

TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

September 20, 2016

# INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

## Stevens County January 1, 2015 through December 31, 2015

Board of Commissioners  
Stevens County  
Colville, Washington

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Stevens County, Washington, for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's financial statements, as listed on page 18.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control

relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Unmodified Opinion on Regulatory Basis of Accounting (BARS Manual)**

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

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

### **Basis for Adverse Opinion on U.S. GAAP**

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

## **Adverse Opinion on U.S. GAAP**

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

## **Other Matters**

### ***Supplementary and Other Information***

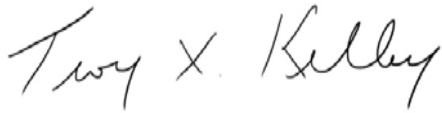
Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular Title 2 *U.S. Code of Federal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

## **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2016 on our consideration of the County’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an



integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

September 20, 2016

## **FINANCIAL SECTION**

### **Stevens County January 1, 2015 through December 31, 2015**

#### **FINANCIAL STATEMENTS**

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

#### **SUPPLEMENTARY AND OTHER INFORMATION**

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

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

		<b>Total for All Funds (Memo Only)</b>	<b>001 CURRENT EXPENSE</b>	<b>PERFORMING ARTS TOURISM ETC</b>
<b>Beginning Cash and Investments</b>				
30810	Reserved	15,888,487	211,579	47,803
30880	Unreserved	3,137,163	2,279,118	-
388 & 588	Prior Period Adjustments, Net	7,365	(1)	1
<b>Operating Revenues</b>				
310	Taxes	15,959,461	8,841,047	34,745
320	Licenses and Permits	320,877	315,594	-
330	Intergovernmental Revenues	13,275,042	3,910,166	-
340	Charges for Goods and Services	18,152,043	1,611,950	-
350	Fines and Penalties	574,317	568,351	-
360	Miscellaneous Revenues	3,686,958	695,718	-
Total Operating Revenues:		51,968,698	15,942,826	34,745
<b>Operating Expenditures</b>				
510	General Government	9,344,678	6,961,141	-
520	Public Safety	7,819,008	5,800,226	-
530	Utilities	1,460,721	-	-
540	Transportation	14,645,293	-	-
550	Natural and Economic Environment	1,657,802	1,064,243	-
560	Social Services	7,554,541	671,486	-
570	Culture and Recreation	472,763	362,652	14,937
598	Miscellaneous Expenses	-	-	-
Total Operating Expenditures:		42,954,806	14,859,748	14,937
Net Operating Increase (Decrease):		9,013,892	1,083,078	19,808
<b>Nonoperating Revenues</b>				
370-380, 395 & 398	Other Financing Sources	269,416	53,429	-
391-393	Debt Proceeds	-	-	-
397	Transfers-In	1,061,317	336,295	-
Total Nonoperating Revenues:		1,330,733	389,724	-
<b>Nonoperating Expenditures</b>				
580, 596 & 599	Other Financing Uses	371,254	53,451	-
591-593	Debt Service	691,419	-	-
594-595	Capital Expenditures	7,092,343	43,182	-
597	Transfers-Out	1,061,318	529,409	25,000
Total Nonoperating Expenditures:		9,216,334	626,042	25,000
<b>Net Increase (Decrease) in Cash and Investments:</b>		<b>1,128,291</b>	<b>846,760</b>	<b>(5,192)</b>
<b>Ending Cash and Investments</b>				
5081000	Reserved	15,809,727	39,197	42,612
5088000	Unreserved	4,351,579	3,298,259	-
<b>Total Ending Cash and Investments</b>		<b>20,161,306</b>	<b>3,337,456</b>	<b>42,612</b>

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

<b>107 CRIME VICTIMS AND WITNESS FUND</b>	<b>110 ROAD FUND</b>	<b>115 PATHS AND TRAILS</b>	<b>121 HOMELESSNESS</b>	<b>ALLIANCE COUNSELING SERVS</b>	<b>123 VERY LOW INCOME HOUSING</b>
62,350	5,420,750	242,087	402,402	3,227,139	96,891
-	-	-	-	-	-
-	(1)	-	-	(6,600)	2
-	5,661,193	-	-	202,961	-
-	5,283	-	-	-	-
-	7,934,447	19,042	-	943,224	-
23,381	117,153	-	208,742	5,530,620	41,433
-	-	-	-	-	-
-	21,975	-	-	85,953	-
<u>23,381</u>	<u>13,740,051</u>	<u>19,042</u>	<u>208,742</u>	<u>6,762,758</u>	<u>41,433</u>
5,077	116,414	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	9,940,838	-	-	-	-
-	-	-	-	134,795	38,804
-	-	-	138,581	6,711,160	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>5,077</u>	<u>10,057,252</u>	<u>-</u>	<u>138,581</u>	<u>6,845,955</u>	<u>38,804</u>
18,304	3,682,799	19,042	70,161	(83,197)	2,629
-	302	-	-	4,187	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>302</u>	<u>-</u>	<u>-</u>	<u>4,187</u>	<u>-</u>
-	138	-	-	168,509	-
-	-	-	-	18,414	-
-	4,186,968	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>4,187,106</u>	<u>-</u>	<u>-</u>	<u>186,923</u>	<u>-</u>
<u>18,304</u>	<u>(504,005)</u>	<u>19,042</u>	<u>70,161</u>	<u>(265,933)</u>	<u>2,629</u>
80,654	4,916,744	261,129	472,563	2,954,606	99,522
-	-	-	-	-	-
<u>80,654</u>	<u>4,916,744</u>	<u>261,129</u>	<u>472,563</u>	<u>2,954,606</u>	<u>99,522</u>

The accompanying notes are an integral part of this statement.

<b>124 VETERANS RELIEF FUND</b>	<b>125 LAW LIBRARY</b>	<b>126 AUDITORS O&amp;M FUND</b>	<b>128 NORTHEAST WASHINGTON FAIR</b>	<b>129 TREASURERS O&amp;M</b>	<b>130 WEED CONTROL</b>
39,244	25,618	95,451	-	63,934	401,511
-	-	-	9,387	-	-
-	-	-	-	-	-
45,511	-	-	-	-	-
-	-	-	-	-	-
-	-	47,755	37,361	-	-
-	11,222	27,453	29,437	44,569	3,471
-	-	-	-	-	-
118	-	-	8,785	-	17,512
45,629	11,222	75,208	75,583	44,569	20,983
-	-	49,060	-	28,749	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	217,022
33,314	-	-	-	-	-
-	18,454	-	76,720	-	-
-	-	-	-	-	-
33,314	18,454	49,060	76,720	28,749	217,022
12,315	(7,232)	26,148	(1,137)	15,820	(196,039)
-	-	-	6,250	-	1,030
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	6,250	-	1,030
-	-	-	6,250	-	48
-	-	-	-	-	-
-	-	-	-	-	14,677
-	-	30,000	-	18,936	-
-	-	30,000	6,250	18,936	14,725
12,315	(7,232)	(3,852)	(1,137)	(3,116)	(209,734)
51,559	18,386	91,599	-	60,818	191,777
-	-	-	8,250	-	-
51,559	18,386	91,599	8,250	60,818	191,777

The accompanying notes are an integral part of this statement.

<b>131 LITTLE P. O. LAKE MNGT - 2013-801</b>	<b>132 WRIA 59</b>	<b>133 FAMILY LAW COURT FACILITATOR</b>	<b>136 LOON LAKE MNGT DIST 2- 2008</b>	<b>137 LITTLE PO LK MNGT DIST 1- 2008</b>	<b>138 DEER LAKE MNGT DIST #1- 2011</b>
16,012	4,875	9,533	951	499	17,220
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
10,000	-	-	-	-	-
-	-	5,364	-	-	-
233	-	-	38	10	175
85,548	-	-	449	140	30,211
95,781	-	5,364	487	150	30,386
-	-	13,954	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
89,848	-	-	1,283	537	37,133
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
89,848	-	13,954	1,283	537	37,133
5,933	-	(8,590)	(796)	(387)	(6,747)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	14,891	-	-	-
-	-	14,891	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	4,875	-	-	-	-
-	4,875	-	-	-	-
5,933	(4,875)	6,301	(796)	(387)	(6,747)
21,945	-	15,834	155	112	10,473
-	-	-	-	-	-
21,945	-	15,834	155	112	10,473

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

<b>140 DRUG INVESTIGATION FUND</b>	<b>141 SHERIFF STATE DRUG FORFEITURE</b>	<b>142 SHERIFF FEDERAL DRUG FORFEITUR</b>	<b>145 EMERGENCY COMMUNICATIO NS</b>	<b>150 INMATE WELFARE FUND</b>	<b>155 COUNTY VEHICLE REPLACEMENT</b>
150,269	39,198	81,694	-	1,264	3,753
-	-	-	686,082	-	-
1	-	-	2	-	-
-	-	-	389,862	-	-
-	-	-	-	-	-
-	-	-	278,564	-	-
-	-	-	683,119	6,695	-
5,510	-	-	-	-	-
-	(419)	12	30,003	2,203	-
5,510	(419)	12	1,381,548	8,898	-
-	-	-	-	-	10,604
1,176	-	-	1,181,773	2,134	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,176	-	-	1,181,773	2,134	10,604
4,334	(419)	12	199,775	6,764	(10,604)
-	-	-	136	338	-
-	-	-	-	-	-
-	-	-	-	-	200,000
-	-	-	136	338	200,000
-	-	-	91,795	338	-
-	-	-	7,919	-	-
-	-	-	475,337	-	166,333
-	-	-	-	-	-
-	-	-	575,051	338	166,333
4,334	(419)	12	(375,140)	6,764	23,063
154,604	38,779	81,706	-	8,028	26,816
-	-	-	310,944	-	-
154,604	38,779	81,706	310,944	8,028	26,816

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

<b>COURT IMPROVEMENT FUND</b>	<b>165 REET ELECTRONIC TECHNOLOGY</b>	<b>201 CURRENT EXPENSE GO BOND</b>	<b>305 GENERAL CAPITAL PROJECTS FUND</b>	<b>306 PUBLIC FACILITIES (REF 49)</b>	<b>405 SHERIFFS AMBULANCE FUND</b>
58,055	33,571	32,979	525,474	621,909	376,265
-	-	-	-	-	-
-	-	13,959	-	-	2
-	-	-	380,914	403,228	-
-	-	-	-	-	-
22,904	10,399	-	-	-	-
-	-	19,684	-	-	900,951
-	-	-	-	-	-
-	-	30	-	-	76,363
<b>22,904</b>	<b>10,399</b>	<b>19,714</b>	<b>380,914</b>	<b>403,228</b>	<b>977,314</b>
2,562	-	-	1,687	1,000	-
-	-	-	-	-	833,699
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	74,137	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<b>2,562</b>	<b>-</b>	<b>-</b>	<b>1,687</b>	<b>75,137</b>	<b>833,699</b>
<b>20,342</b>	<b>10,399</b>	<b>19,714</b>	<b>379,227</b>	<b>328,091</b>	<b>143,615</b>
-	-	-	4,412	1,653	2,254
-	-	-	-	-	-
-	-	510,131	-	-	-
<b>-</b>	<b>-</b>	<b>510,131</b>	<b>4,412</b>	<b>1,653</b>	<b>2,254</b>
-	-	-	-	1,653	7,437
-	-	520,946	-	-	-
-	-	-	242,396	273,881	57,028
-	-	-	206,955	211,636	34,507
<b>-</b>	<b>-</b>	<b>520,946</b>	<b>449,351</b>	<b>487,170</b>	<b>98,972</b>
<b>20,342</b>	<b>10,399</b>	<b>8,899</b>	<b>(65,712)</b>	<b>(157,426)</b>	<b>46,897</b>
78,397	43,970	55,837	459,762	464,483	423,164
-	-	-	-	-	-
<b>78,397</b>	<b>43,970</b>	<b>55,837</b>	<b>459,762</b>	<b>464,483</b>	<b>423,164</b>

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



<b>410 SOLID WASTE</b>	<b>501 EQUIPMENT RENTAL &amp; REVOLV FUND</b>	<b>510 INFORMATION SERVICES</b>	<b>520 INSURANCE SERVICE FUND</b>
3,144,687	-	-	433,520
-	(44,260)	206,836	-
-	-	-	-
-	-	-	-
-	-	-	-
61,180	-	-	-
2,494,330	3,769,455	1,808,179	814,835
-	-	-	-
131,241	2,491,174	7,003	2,939
2,686,751	6,260,629	1,815,182	817,774
-	-	1,410,730	743,700
-	-	-	-
1,460,721	-	-	-
-	4,704,455	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
1,460,721	4,704,455	1,410,730	743,700
1,226,030	1,556,174	404,452	74,074
176,415	11,582	936	6,492
-	-	-	-
-	-	-	-
176,415	11,582	936	6,492
40,480	648	507	-
144,140	-	-	-
201,108	1,030,838	400,595	-
-	-	-	-
385,728	1,031,486	401,102	-
<b>1,016,717</b>	<b>536,270</b>	<b>4,286</b>	<b>80,566</b>
4,161,404	-	-	483,092
-	492,010	211,122	30,994
<b>4,161,404</b>	<b>492,010</b>	<b>211,122</b>	<b>514,086</b>

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

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

		<b>Total for All Funds (Memo Only)</b>	<b>621 GENERAL TRUST ACCOUNTS</b>	<b>631 COUNTY TAX REFUND</b>	<b>675 CITY REMITTANCE</b>
308	Beginning Cash and Investments	797,259	283,696	16	11,991
388 & 588	Prior Period Adjustments, Net	-	-	-	-
310-360	Revenues	278	11	-	267
380-390	Other Increases and Financing Sources	19,977,788	5,552,527	-	1,876,251
510-570	Expenditures	-	-	-	-
580-590	Other Decreases and Financing Uses	19,867,622	5,446,937	-	1,875,686
Net Increase (Decrease) in Cash and Investments:		110,444	105,601	-	832
508	Ending Cash and Investments	907,703	389,297	16	12,823

		<b>695 ADVANCE TAXES</b>	<b>697 STATE REMITTANCE FUND</b>	<b>698 TAX COLLECTION SUSPENSE</b>	<b>699 TREASURERS TRUST FUND</b>
308	Beginning Cash and Investments	7,171	150,822	-	343,563
388 & 588	Prior Period Adjustments, Net	-	-	-	-
310-360	Revenues	-	-	-	-
380-390	Other Increases and Financing Sources	(2,536)	12,494,809	25,702	31,035
510-570	Expenditures	-	-	-	-
580-590	Other Decreases and Financing Uses	-	12,461,192	-	83,807
Net Increase (Decrease) in Cash and Investments:		(2,536)	33,617	25,702	(52,772)
508	Ending Cash and Investments	4,635	184,439	25,702	290,791

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

## STEVENS COUNTY

### NOTES TO FINANCIAL STATEMENTS January 1, 2015 to December 31, 2015

#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

#### A. Fund Accounting

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

##### GOVERNMENTAL FUND TYPES:

##### General (Current Expense) Fund

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

##### Special Revenue Funds

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

##### Debt Service Funds

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

### Capital Projects Funds

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

### PROPRIETARY FUND TYPES:

#### Enterprise Funds

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

#### Internal Service Funds

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

### FIDUCIARY FUND TYPES:

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

#### Private-Purpose Trust Funds

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

#### Agency Funds

These funds are used to account assets that the County holds for others in a custodial capacity.

### B. Basis of Accounting and Measurement Focus

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

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

### C. Budgets

The County adopts annual appropriated budgets for all funds presented on statement C-4. These budgets are appropriated at the fund level except the current expense fund, where budget is adopted at the department level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for those funds lapse at the fiscal year end.

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

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance Under (Over)
Current Expense:			
Gen. Gov.	\$ 676,000	\$ 648,934	\$ 27,066
Accum. Emp. Sev.	135,000	123,090	11,910
Assessor	815,100	780,382	34,718
Auditor	575,000	558,069	16,931
CASA	156,000	152,452	3,548
Clerk - S.C.	341,100	337,128	3,972
Commissioners	487,900	467,932	19,968
Coroner	171,100	157,276	13,824
District Court	614,300	577,737	36,563
Elections	282,000	276,131	5,869
Emergency Management	55,600	44,396	11,204
WSU Extension	178,400	163,475	14,925
Facilities	521,400	481,235	40,165
Fairgrounds Facilities	215,100	200,160	14,940
Indigent Legal Defense	490,000	490,986	(986)
Juvenile	967,750	848,364	119,386
LEOFF Retirement	55,000	51,756	3,244
Land Service	1,082,400	962,004	120,396
Prosecutor/Child Support	1,364,968	1,323,746	41,222
Pass-thru Grants/Payments	430,000	419,802	10,198
Public Health	514,600	514,210	390
Sheriff	3,851,200	3,595,156	256,044
Sheriff Emg. Services	48,150	47,619	531
Sheriff Jail	1,355,000	1,311,063	43,937
Superior Court	560,050	510,528	49,522
Treasurer	459,000	442,159	16,841
Total Current Expense	16,402,118	15,485,790	916,328
Performing Arts	40,350	39,937	413
Crime Victims	28,200	5,077	23,123
Road	16,747,488	14,244,358	2,503,130
Homelessness	192,400	138,581	53,819
NEW Alliance C.S.	7,223,000	7,032,878	190,122
Low-Income Housing	62,485	38,804	23,681
Veterans Relief	48,000	33,314	14,686
Law Library	19,900	18,454	1,446
Auditor O&M	165,000	79,060	85,940
N.E.W. Fair	82,900	82,970	( 70)
Treasurer's O&M	60,100	47,685	12,415
Weed Control	294,507	231,747	62,760
Little P.O. L. M 1-2013	44,413	15,993	28,420
Loon .Lake L. M. 2-2013	76,625	73,855	2,770
W.R.I.A. 59	4,875	4,875	-
Family Law Facilitator	16,514	13,954	2,560
Loon Lake L. M. 2-2008	2,137	1,283	854
Little P. O. L. M. 1-2008	1,019	537	482
Deer Lake L. M. 1-2011	47,219	37,133	10,086
Guardian Facilitator	1,200	-	1,200
Drug Investigation	158,000	1,176	156,824
State Drug Forfeiture	54,198	-	54,198
Federal Drug Forfeiture	81,694	-	81,694
Emergency Comm.-911	1,981,026	1,756,824	224,202
Inmate Welfare	10,000	2,472	7,528
County Vehicle Replacement	203,753	176,937	26,816
Trial Court Improvement	24,000	2,562	21,438
REET Electronic Technology	7,200	-	7,200
C.E. G.O. Bond	550,246	520,946	29,300
Capital Projects	480,000	451,038	28,962
Public Facilities	598,700	562,307	36,393
Sheriff's Ambulance	974,183	932,671	41,512
Solid Waste - 1	2,707,334	1,846,449	860,885
Equipment Rental - 2	6,146,459	5,735,941	410,518
Informational Service	1,833,500	1,811,832	21,668
Insurance Service	855,471	743,700	111,771
Totals	\$58,226,214	\$52,171,140	\$ 6,055,074

1. Reduced budget and actual due to elimination of transfer between Solid Waste, Landfill Closure and Landfill Post-Closure in the amount of \$95,807
2. Reduced budget by elimination of internal non-revenue and non-expenditures of payroll and benefits in the amount of \$5,850,000.

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

D. Cash and Investments

See Note 2 - *Deposits and Investments*

E. Capital Assets

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

F. Compensated Absences

Vacation leave may be accumulated up to 30 days and is payable upon separation or retirement.

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

G. Long-Term Debt

See Note 5 – Debt Service Requirements

H. Other Financing Sources and Uses

The County's Other Financing Sources and Uses consist of:

	<u>Source</u>	<u>Use</u>
To Current Expense from:		
Public Facilities (.09)	\$ 211,636	
Capital Projects	45,848	
Auditor's O&M	30,000	
Performing Arts & Tourism	25,000	
Treasurer's O&M	18,936	
W.R.I.A 59	<u>4,875</u>	
Total Current Expense Sources	\$ <u>336,295</u>	
To Family Law Facilitator Fund from:		
Current Expense Fund	\$ <u>14,891</u>	
To County Vehicle Replacement Fund from:		
Current Expense Fund	\$ <u>200,000</u>	
To G.O. Bond from:		
Sheriff Ambulance	\$ 34,507	
Capital Projects	161,107	
Current Expense	<u>314,518</u>	
Total G.O. Bond Sources	\$ <u>510,132</u>	

From Current Expense Fund to:		
County Vehicle Replacement	\$	200,000
G.O. Bond		314,518
Family Law Facilitator		<u>14,891</u>
Total Current Expense Use	\$	<u>529,409</u>
From Performing Arts & Tourism	\$	<u>25,000</u>
From Auditor's O&M to Current Expense	\$	<u>30,000</u>
From Treasurer's O&M to Current Expense	\$	<u>18,936</u>
From W.R.I.A. 59 to Current Expense	\$	<u>4,875</u>
From Capital Projects to:		
Current Expense	\$	45,848
G.O. Bond Fund		<u>161,107</u>
Total Capital Projects Use	\$	<u>206,955</u>
From Public Facilities (.09) to Current Expense	\$	<u>211,636</u>
From Sheriff Ambulance to G.O. Bond	\$	<u>34,507</u>
Total Transfers In and Out	<u>\$ 1,061,318</u>	<u>\$ 1,061,318</u>

#### I. **RISK MANAGEMENT**

Stevens County is a member of the Washington Rural Counties Insurance Pool (WRCIP). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The pool was formed on September 1, 1998, when three counties in the State of Washington joined together by signing an Interlocal Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 1, 2015 there are eight counties in the program.

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

The program acquires insurance through their Administrator, Clear Risk Solutions. Liability coverage is purchased to an aggregate limit of \$45,000,000 with a self-insured retention of \$50,000. Members are responsible for the first \$1,000 to \$10,000 deductible for each claim, while the program is responsible for the \$50,000 self-insured retention. Since the program is a cooperative program, there is a joint liability among the participating members towards the sharing of the \$50,000 self-insured retention. The program also purchases a Stop Loss Policy with an attachment point of \$ 575,050.

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

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

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

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

The program is funded by its member participants and has no employees. Claims are filed by members with Clear Risk Solutions, who has been contracted to perform program administration, claims adjustment administration, and loss prevention for the program. Fees paid to the third party administrator under this arrangement for the policy year beginning December 1, 2014 and ending December 1, 2015 were \$521,021.86

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

Stevens County, through the Insurance Service Fund, reimburses the State of Washington for all allowable unemployment claims paid out to eligible former employees. The amount disbursed in 2015 for unemployment claims was \$ 32,757. In 2015, \$143,117, representing 1% of each department's payroll, was collected by the Insurance Service Fund. On December 31, 2015 an accumulated reserve for future claims amounted to \$483,092.

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

#### J. Reserved Portion of ending Cash and Investments

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

Reservations of Ending Cash and Investments consist of the following:

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

State Vessel Registration fees that are dedicated to boating law enforcement that have been received, but not spent as of September 30, 2014 and 2015 in the amount of \$39,524 and \$26,007.

Beginning in 2014 any unspent contributions for fireworks are carried forward to the next year. In 2015, \$7,870 was raised and \$5,000 spent, creating an increase of \$2,870 to the \$305 beginning balance for an ending balance of \$3,175.

In 2015 WSU Extension Office was awarded \$30,000 from Providence Health Services to fund a portion of a position to coordinate efforts with local farmers and the Hunger Coalition to maximize local food products. The unspent portion as of December 31, 2015 was \$10,015.



Performing Arts & Tourism (106-999-010) \$42,612 reserved by statute related to limited use of Lodging tax proceeds.

Crime Victims & Witness Fund: (107-999-010) \$80,654 reserved by statute related to court fees dedicated to crime victims and witnesses.

Road Fund: (110-999-010) \$4,916,744 reserved by statute related to road construction and maintenance.

Paths & Trails Fund: (115-999-030) \$261,129 reserved by statute to fund pathways for non-vehicle traffic.

Homelessness Fund: (121-999-010) \$472,563 reserved by statute related to recorded document surcharge to relieve homelessness.

N.E.W. Alliance Counseling Services Fund: (122-000-010) \$2,954,606 includes the advanced working capital provided by the Department of Social & Health Services. \$41,779 is the statutory requirement for Chemical Dependency Services and \$57,835 is the statutory requirement for Developmental Disabilities Services.

Very-Low Income Housing Fund: (123-999-010) \$99,522 reserved by statute to provide facilities and assistance for low-income citizens in need of housing. It is funded by recorded document surcharge.

Veteran's Relief Fund: (124-999-010) \$51,559 reserved by statute requiring a portion of real property tax revenue be available to assist honorable discharged veterans in need.

Law Library Fund: (125-999-010) \$18,386 reserved by statute to maintain library of law reference materials. It is funded by required court fees.

Auditor O&M Fund: (126-999-010) \$91,599 reserved by statute to maintain and preserve county documents. It is funded by recorded document surcharges.

Treasurer's O&M Fund: (129-999-010) \$60,818 reserved by statute related to property foreclosure. It is funded by foreclosure fees.

Weed Control Fund: (130-999-010) \$191,777 reserved by statute to address noxious weed control in the county. It is funded by special assessment of property owners. That assessment was suspended for the year of 2015 and reinstated for 2016.

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

Deer Lake (formed in 2011)	\$10,473
Little Pend Oreille (formed in 2008 and 2013)	20,942
Loon Lake (formed in 2008 and 2013)	<u>1,271</u>
Total Reserved	<u>\$32,686</u>

Family Law Facilitator Fund: (133-999-010) \$15,834 reserved by statute to facilitate the resolution of family law matters. It is funded by required superior court fees.

Drug Investigation Fund: (140-999-010) \$154,604 reserved by statute and funded by court fees to combat only drug related crimes.

State (141-999-010) and Federal Drug Forfeiture (142-999-010) Funds: \$38,779 and \$81,706 respectively reserved by statute to address drug specific crime prevention. It is funded by state and federal proceeds from drug related convictions.

Inmate Welfare Fund: (150-999-010) \$8,028 reserved for products and services available to jail inmates.

County Vehicle Replacement Fund: (155-999-010) \$26,816 reserved by County Commissioner action to manage the replacement of vehicles associated with the County Current Expense fund.

Trial Court Improvement Fund: (160-999-010) \$78,397 reserved by statute for the maintenance and improvement of district and superior court operations. It is funded by the state.

R.E.E.T Electronic Technology Fund: (165-999-010) \$43,970 reserved by statute to improve the receipting of state and local real estate excise tax. It is funded by a portion of the real estate excise tax assessments.

Current expense G.O. Bond Fund: (201-999-040) \$ 55,837 reserved for the principal and interest due on the county's long-term debt obligations. It is funded by state real estate excise tax designated for capital projects and transfers from other county funds. \$23,253 of the reserve is held by the Washington Department of Fish & Wildlife to be applied to the next and future loan payments until the contract and the original interest is completed.

Capital Projects Fund: (305-999-010) \$459,762 reserved by statute for the capital needs of the county. It is funded by a portion of the state real estate excise tax designated only for capital projects.

Public Facilities Fund: (306-999-010) \$464,483 reserved by statute for public facility projects and activities related to county economic development. It is funded by a portion of the state sales tax collections returned to the county.

Sheriff Ambulance (405-999-010) \$423,164 reserved to address capital and vehicle needs of the Ambulance service. It is supported by client fees and grants. No County funds are involved.

Solid Waste (410-999-010) \$2,355,256 reserved to provide for the closing and post-closure costs of county solid waste landfills. The remaining \$1,806,148 is reserved for solid waste operations.

Insurance Service (520-999-010) \$483,092 reserved is for possible future cost of the county's self-insured unemployment costs.

The Solid Waste beginning and ending restricted cash include the funds held solely for the closure and post-closure of the current landfill site and their use is restricted solely for those two purposes. The Solid Waste Fund 410, Landfill Closure 412 and Landfill Post Closure have been combined together in the C-4 financial statement. The 2015 activity of the Closure and Post-Closure portion of the Solid Waste Fund is as follows:

	<u>Closure</u>	<u>Post-Closure</u>	<u>Total</u>
Beginning Cash	\$1,306,550	\$859,658	\$2,166,208
Investment Income	21,509	2,715	24,224
Transfers in from S.W.	27,522	45,518	73,040
Loan payment from 911 Emergency Comm.	<u>91,784</u>	<u>          </u>	<u>91,784</u>
Ending Cash	<u>\$1,447,365</u>	<u>\$ 907,891</u>	<u>\$2,355,256</u>

## **NOTE 2 – DEPOSITS AND INVESTMENTS**

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

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

Investments are reported at cost, per County policy. Investments by type at December 31, 2015 were held as follows:

<u>Type of Investment</u>	<u>County's Own investments</u>	<u>Investments held by county as an agent for other local governments</u>	<u>Total</u>
L.G.I.P.	\$17,273,233	\$ 13,189,532	\$ 30,462,765
Pershing Safekeeping	3,573,390	0	3,573,390
U.S. Bank	2,758,326	0	2,758,326
Registered Warrants			
Northport School	<u>21,242</u>	<u>0</u>	<u>21,242</u>
Totals	\$ <u>23,626,191</u>	\$ <u>13,189,532</u>	\$ <u>36,815,723</u>

Funds not invested with Washington State Investment Pool (WSIP) are normally held in interest-bearing checking accounts, as money market funds or in long-term investments through U.S. Bank and Pershing.

## **NOTE 3 - PROPERTY TAXES**

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

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

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

Stevens County's regular tax levy rate for 2015 was \$1.606429 per \$1,000 on an assessed valuation of \$3,733,774,054 for a total Current Expense, Mental Health and Veterans levy of \$5,998,047. This includes a levy shift from Road to Current Expense in the amount of \$347,039.

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

The County road levy for 2015 was \$1.678113 per \$1,000 of an assessed valuation of \$3,072,192,205 for a total Road levy of \$5,155,488. This net amount reflects a levy shift from Road to Current Expense in the amount of \$347,039.

**NOTE 4 – INTERFUND LOANS AND ADVANCES**

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

<u>Borrowing Fund</u>	<u>Lending Fund</u>	<u>Balance 1/1/2015</u>	<u>New Loan</u>	<u>Repayment</u>	<u>Balance 12/31/2015</u>
E-911 Comm.	Landfill Closure	<u>\$ 475,337</u>	<u>\$ 0</u>	<u>\$ 91,784</u>	<u>\$ 383,553</u>

There was a loan in May of 2012 to the Mary Walker School District in the amount of \$1,184,000 to re-finance an existing bond. \$400,000 has been repaid, leaving an outstanding balance of \$784,000. One-half of the interest is paid on June 1<sup>st</sup> and December 1<sup>st</sup> and principal is paid on December 1<sup>st</sup> of each year. The remaining annual County collections will be as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 185,000	\$ 12,041	\$ 197,041
2017	191,000	9,858	200,858
2018	201,000	7,127	208,127
2019	<u>207,000</u>	<u>3,871</u>	<u>210,871</u>
Totals	<u>\$ 784,000</u>	<u>\$ 32,897</u>	<u>\$ 816,897</u>

There was a loan in November of 2014 to the Northport School District in the amount of \$45,304 to refinance an existing bond over a two-year period. Monthly principal and interest payments of \$1,972.37 begin in 2015. The remaining County collections will be as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ <u>23,133</u>	<u>\$ 536</u>	<u>\$ 23,669</u>

**NOTE 5 – DEBT SERVICE REQUIREMENTS**

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

<u>Year</u>	<u>G.O. Bonds</u>	<u>Revenue Debt</u>	<u>Other Debt</u>	<u>Total</u>
2016	478,632	0	189,772	\$ 668,404
2017	34,507	0	193,486	227,993
2018	34,507	0	192,050	226,557
2019	34,507	0	190,464	224,971
2020	34,507	0	188,828	223,335
2021-25	11,502	0	937,724	949,226
2026-30	0	0	244,171	244,171
2031-33	<u>0</u>	<u>0</u>	<u>107,468</u>	<u>107,468</u>
Totals	<u>\$ 628,162</u>	<u>\$0</u>	<u>\$ 2,243,963</u>	<u>\$ 2,872,125</u>

Summary of the outstanding G.O. Bond principal and interest is as follows:

<u>Purpose of the Bond</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total</u>
2004 – Bank of America – Ambulance	\$ 159,196	\$ 24,841	\$ 184,037
2005 – Martin Hall – Stevens County	\$ 121,428	\$ 5,464	\$ 126,892
2005 – Martin Hall – Other Counties	<u>303,572</u>	<u>13,661</u>	<u>317,233</u>
2005 Total Issue	\$ <u>425,000</u>	\$ <u>19,125</u>	\$ <u>444,125</u>
2007 – S.W. Public Works Trust Loan	\$ 1,372,222	\$ 37,736	\$ 1,409,958
2012 – Commissioner’s Building	\$ 440,000	\$ 207,000	\$ 647,000
2013 – Fish Hatchery Complex	\$ <u>138,173</u>	<u>\$48,832</u>	\$ <u>187,005</u>
Total County Debt	\$ <u>2,534,591</u>	\$ <u>337,534</u>	\$ <u>2,872,125</u>

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

Martin Hall is a juvenile detention facility located in Medical Lake, Washington. It is jointly owned and operated by a group of eastern Washington counties. Stevens County secured the original bond and the other counties secured mini-bonds to Stevens County for their portion of the bond. The bond and mini-bonds will be paid off by December 31, 2016.

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

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

In June, 2013 the County re-purchased a fish hatchery and land originally given to the State of Washington. The interest rate is 3.00%. The debt is intended to be paid by the sale of fish to the State Department of Fish & Wildlife. The fish are being produced through an educational program called Washington for Wildlife, a 501 c (4) federal non-profit organization. High School students from around the area are trained to raise and care for the fish, which are then sold to the Department of Fish & Wildlife for distribution into Washington lakes. The debt schedule above is the back-up payment plan if the fish production is insufficient to service the debt. In 2015 the fish sales amounted to \$19,684, which exceeded the required payment of \$10,389 by \$9,295. The cumulated excess as of December 31, 2015 is \$23,254 and is held a credit towards the debt, but not applied to the debt until the payment is due in the future years. In 2014 the fish sales exceeded the required payment by \$13,959, which in 2014 was reported as an additional reduction in the principal, but upon subsequent clarification from the State Department of Fish & Wildlife it was determined that no excess sales will applied to the principal, the credit will be held to cover the annual scheduled payments until the debt is repaid. As a result the beginning debt is increased by \$13,959 and the actual payment is reflected in the 2015 activity.

The dollar value of compensated absences is calculated based on the December 31, 2015 hourly pay rates and balances of available vacation and compensated time for each fund.

The DSHS Advance is a working capital advance to N.E.W. Alliance Counseling Center by the Federal Government for the treatment of qualifying patients. The outstanding balance on December 31, 2015 is \$ 99,614.

## **NOTE 6 – PENSION PLANS**

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

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

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

Department of Retirement Systems  
Communications Unit  
P.O. Box 48380  
Olympia, WA 98540-8380

Also the DRS CAFR may be downloaded from the DRS website at [www.drs.wa.gov](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, 2015 the County's proportionate share of the collective net pension liabilities as reported on the Schedule 09 was as follows:

	<u>Allocation %</u>	<u>Liability (Asset)</u>
PERS 1	.002311%	\$ 120,887
PERS 1 UAAL	.1193760%	\$ 6,244,475
PERS 2/3	.125970%	\$ 4,500,980
PSERS 2	.119722%	\$ 21,852
LEOFF 1	.008721%	\$ (105,107)
LEOFF 2	.062153%	\$ (638,809)
VFFRPF	.150000%	\$ (29,365)

### **LEOFF Plan 1**

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

### **LEOFF Plan 2**

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

## **NOTE 7 – OTHER DISCLOSURES**

### **PRIOR PERIOD ADJUSTMENTS**

The small amounts result from rounding to the nearest whole number. The \$6,600 in N.E.W.A.C.S. relates to a petty cash fund that was closed out in a prior year without recognizing the related expenditures of the fund. The \$13,959 increase in the G.O. Bond reflects an accounting change from the fish sales being a credit available for future payments, not an additional principal payment. See note 5 for additional details.

### **OPEB**

The County has a commitment to pay for post employment benefits for employees that belong to LEOFF 1. These benefits include medical, vision, dental and nursing care, etc. Seven retirees received \$ 51,576 in benefits during the year. One of our retirees past away in 2015.

### **DEFERRED COMPENSATION**

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

### **CONTINGENCIES AND LITIGATION**

In the opinion of management, the county's insurance policies are adequate to pay all known or pending claims except for one claim that settled in April, 2016 for \$50,000 in County funds and \$17,000 in insurance coverage.

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

On February 24, 2014 the County received an invoice from the State of Washington Department of Retirement System for an audit adjustment of \$137,300.10 claiming that a PERS 1 retiree was not properly reported to them and they are seeking the return of all retirement funds paid to him. The County's insurance provider has retained legal counsel and the County currently objects to the audit assessment and are refusing to pay at this time. This case was settled at no cost to the County in early 2016.

### **LANDFILL CLOSURE AND POST-CLOSURE ESTIMATES**

Based on the engineering firm's estimate, the County has the following liabilities associated with the closure of its landfills. These amounts were updated in 2013 to values determined by CH2MHill:

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

**Stevens County**  
**Schedule of Liabilities**  
**For the Year Ended December 31, 2015**

<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	Martin Hall	12/1/2016	830,000	-	405,000	425,000
263.91	Ambulance Building to B of A	12/1/2021	184,196	-	25,000	159,196
263.81	Alcohol & Substance Abuse Working Capital	12/31/2015	60,193	-	18,414	41,779
263.81	Developmental Disabilities Working Capital	12/31/2015	57,835	-	-	57,835
263.81	Public Works Trust Fund	7/1/2025	1,509,445	-	137,222	1,372,223
263.81	Fish Hatchery - Dept. of Fish & Wildlife	12/1/2033	129,718	13,959	5,504	138,173
263.81	Commissioner's Building	12/1/2033	455,000	-	15,000	440,000
<b>Total General Obligation Debt/Liabilities:</b>			<b>3,226,387</b>	<b>13,959</b>	<b>606,140</b>	<b>2,634,206</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
259.12	Compensated Absences	12/31/2015	885,035	283,731	-	1,168,766
263.22	Closure of Present Landfill		10,800,000	-	-	10,800,000
263.22	Post Closure Costs		9,000,000	-	-	9,000,000
264.30	Net Pension Liabilities	12/31/2015	-	10,888,194	-	10,888,194
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>20,685,035</b>	<b>11,171,925</b>	<b>-</b>	<b>31,856,960</b>
<b>Total Liabilities:</b>			<b>23,911,422</b>	<b>11,185,884</b>	<b>606,140</b>	<b>34,491,166</b>



**Stevens County**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2015**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Note
				From Pass- Through Awards	From Direct Awards	Total	
<b>Forest Service Schools and Roads Cluster</b>							
Forest Service, Department Of Agriculture (via Washington State Treasurer)	Schools and Roads - Grants to States	10.665	n/a	183,899	-	183,899	1, 2
<b>Total Forest Service Schools and Roads Cluster:</b>				<b>183,899</b>	<b>-</b>	<b>183,899</b>	
Forest Service, Department Of Agriculture	Collaborative Forest Restoration	10.679	13-DG-11062121- 012	-	10,000	10,000	1, 2
Office Of Community Planning And Development, Department Of Housing And Urban Development (via Washington State Department of Commerce)	Community Development Block Grants/State's program and Non- Entitlement Grants in Hawaii	14.228	14-65400-013	79,412	-	79,412	1, 2
Office Of Community Planning And Development, Department Of Housing And Urban Development (via Washington State Department of Commerce)	Community Development Block Grants/State's program and Non- Entitlement Grants in Hawaii	14.228	15-62210-013	28,872	-	28,872	1, 2
<b>Total CFDA 14.228:</b>				<b>108,284</b>	<b>-</b>	<b>108,284</b>	
Violence Against Women Office, Department Of Justice (via Washington State Department of Commerce)	Violence Against Women Formula Grants	16.588	2013-WF-AX- 0055	16,222	-	16,222	1, 2
Violence Against Women Office, Department Of Justice (via Washington State Department of Commerce)	Violence Against Women Formula Grants	16.588	F14-31103-064	16,222	-	16,222	1, 2
<b>Total CFDA 16.588:</b>				<b>32,444</b>	<b>-</b>	<b>32,444</b>	
Bureau Of Justice Assistance, Department Of Justice	Bulletproof Vest Partnership Program	16.607	2012BUBX12060 702	-	2,494	2,494	1, 2
Office Of Community Oriented Policing Services, Department Of Justice	Public Safety Partnership and Community Policing Grants	16.710	2012UMWX0175	-	54,423	54,423	1, 2
Office Of Community Oriented Policing Services, Department Of Justice	Public Safety Partnership and Community Policing Grants	16.710	2012UMWX0176	-	49,917	49,917	1, 2

Office Of Community Oriented Policing Services, Department Of Justice	Public Safety Partnership and Community Policing Grants	16.710	2012UMWX0177	-	49,917	49,917	-	1, 2
<b>Highway Planning and Construction Cluster</b>					<b>154,257</b>	<b>154,257</b>	-	
<b>Total CFDA 16.710:</b>								
Federal Highway Administration (fhwa), Department Of Transportation (via State Department of Transportation)	Highway Planning and Construction	20.205	STPR-B333(001)	2,083,934	-	2,083,934	-	1, 2
<b>Total Highway Planning and Construction Cluster:</b>				<b>2,083,934</b>	-	<b>2,083,934</b>	-	
Administration For Children And Families, Department Of Health And Human Services (via State Department of Social & Health Services Division of Child Support)	Child Support Enforcement	93.563	2110-80609	150,538	-	150,538	-	1, 2, 3
Administration For Children And Families, Department Of Health And Human Services (via State Department of Social & Health Services Division of Child Support)	Child Support Enforcement	93.563	2110-80609	30,437	-	30,437	-	1, 2, 3
Administration For Children And Families, Department Of Health And Human Services (via State Department of Social & Health Services Division of Child Support)	Child Support Enforcement	93.563	0763-15107	3,437	-	3,437	-	1, 2, 3
<b>Total CFDA 93.563:</b>				<b>184,412</b>	-	<b>184,412</b>	-	
Substance Abuse And Mental Health Services Administration, Department Of Health And Human Services (via North Central Regional Support Network)	Block Grants for Community Mental Health Services	93.958	13MHBG1570	16,072	-	16,072	-	1, 2
Substance Abuse And Mental Health Services Administration, Department Of Health And Human Services (via North Central Regional Support Network)	Block Grants for Community Mental Health Services	93.958	15MHBG-1807	45,438	-	45,438	-	1, 2
<b>Total CFDA 93.958:</b>				<b>61,510</b>	-	<b>61,510</b>	-	
Substance Abuse And Mental Health Services Administration, Department Of Health And Human Services (via North Central Regional Support Network)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	1163-27328	23,133	-	23,133	-	1, 2

Substance Abuse And Mental Health Services Administration, Department Of Health And Human Services (via North Central Regional Support Network)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	1163-27329	24,577	-	24,577	-	1, 2
			<b>Total CFDA 93.959:</b>	<b>47,710</b>	-	<b>47,710</b>	-	
Corporation For National And Community Service (via Employment Security)	AmeriCorps	94.006	K-3473	4,200	-	4,200	-	1, 2
Corporation For National And Community Service (via Employment Security)	AmeriCorps	94.006	K-3972	46,000	-	46,000	-	1, 2
			<b>Total CFDA 94.006:</b>	<b>50,200</b>	-	<b>50,200</b>	-	
Department Of Homeland Security (via State Department of the Military)	Emergency Management Performance Grants	97.042	E15-153	9,836	-	9,836	-	1, 2
Department Of Homeland Security (via State Department of the Military)	Homeland Security Grant Program	97.067	E15-110	2,573	-	2,573	-	1, 2
Department Of Homeland Security (via State Department of the Military)	Homeland Security Grant Program	97.067	E15-010	30,567	-	30,567	-	1, 2
Department Of Homeland Security (via State Department of the Military)	Homeland Security Grant Program	97.067	E15-193	34,564	-	34,564	-	1, 2
			<b>Total CFDA 97.067:</b>	<b>67,704</b>	-	<b>67,704</b>	-	
	<b>Total Federal Awards Expended:</b>			<b>2,829,933</b>	<b>166,751</b>	<b>2,996,684</b>	-	

**STEVENS COUNTY**

**January 1, 2015 to December 31, 2015**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

NOTE 1 – BASIS OF ACCOUNTING

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

NOTE 2 – PROGRAM COSTS

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

NOTE 3 – INDIRECT COST RATE

The amount expended includes \$10,841 claimed as an indirect cost recovery using an approved indirect cost rate of 10.01%. The County has not elected to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

## ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

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

<b>Contact information for the State Auditor's Office</b>	
<b>Public Records requests</b>	<a href="mailto:PublicRecords@sao.wa.gov">PublicRecords@sao.wa.gov</a>
<b>Main telephone</b>	(360) 902-0370
<b>Toll-free Citizen Hotline</b>	(866) 902-3900
<b>Website</b>	<a href="http://www.sao.wa.gov">www.sao.wa.gov</a>