



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

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

## **Garfield County**

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

**Published May 9, 2019**

**Report No. 1023719**





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

May 9, 2019

Board of Commissioners  
Garfield County  
Pomeroy, Washington

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

Please find attached our report on Garfield 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

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

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

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

##### Financial Statements

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

##### Internal Control over Financial Reporting:

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

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

##### Federal Awards

##### Internal Control over Major Programs:

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

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

We reported findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

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

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

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

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**

See finding 2017-001.

## SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

### Garfield County

January 1, 2017 through December 31, 2017

**2017-001    The County did not have adequate internal controls to comply with Davis-Bacon Act (wage rate) requirements.**

<b>CFDA Number and Title:</b>	20.205, Highway Planning and Construction Cluster
<b>Federal Grantor Name:</b>	Federal Highway Administration, Department of Transportation
<b>Federal Award/Contract Number:</b>	N/A
<b>Pass-through Entity Name:</b>	Washington State Department of Transportation
<b>Pass-through Award/Contract Number:</b>	LA-9064; LA-8993; LA-8706; DTFH-70-15-E-00040
<b>Questioned Cost Amount:</b>	\$0

### *Background*

In fiscal year 2017, the County spent \$1,728,777 in Federal Highway Planning and Construction cluster funds on four road projects.

The Davis-Bacon Act (Act) requires all laborers and mechanics employed by contractors or subcontractors to work on construction projects financed with more than \$2,000 of federal funds to be paid wages no less than those established for the project's locality (prevailing wage rates) by the U.S. Department of Labor. The Act includes a requirement for the contractor or subcontractor to submit to the County weekly, for each week in which any contract work was performed, a copy of its payroll and signed "Statement of Compliance" (weekly-certified payroll). The primary contractor may collect the weekly-certified payrolls for the County during the project, but the County remains responsible for compliance and maintaining the documents according to records retention requirements.

### *Description of Condition*

The County did not have an adequate process in place to collect all weekly certified payroll reports from each contractor and subcontractor performing work on its federally funded projects.

We consider this internal control deficiency to be a material weakness. This issue was not reported as a finding in the prior audit.

### ***Cause of Condition***

The County uses inspector logs to monitor the prime contractor and subcontractors working on each project. However, the County did not follow its established process to use that information to verify it received all weekly certified payrolls for the contractor and subcontractors for those periods.

### ***Effect of Condition and Questioned Costs***

The County was not aware that seven of the 29 weekly certified payrolls for the primary contractor and five subcontractors were missing. The County subsequently obtained four of the missing weekly certified payrolls during the audit.

Without adequate internal controls, the County cannot show that workers were paid prevailing wages as the Act requires. The County could be liable for paying additional wages if prevailing wages were not paid.

### ***Recommendation***

We recommend the County strengthen internal controls to ensure compliance with the Act's requirements, including implementing effective processes to ensure all weekly certified payrolls from prime contractors and subcontractors are collected and reviewed in a timely manner.

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

*Garfield County Public Works will do a better job of tracking contractors and sub contractor's payrolls by comparing inspector diaries with statements of working days to ensure we have accounted for required or missing certified payrolls including no work certified payrolls. As for the missing payrolls for truck service providers working for an approved contractor/subcontractor, Garfield County inspectors will ensure that trucks not marked with approve contractor or subcontractor logos will be checked to verify whether they are owner operators, or are on the Contractors/subcontractors payroll. Also, Garfield County inspectors will verify daily employee counts vs certified payrolls. This should act as a double check to ensure we have obtained all necessary certified payrolls.*

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

We appreciate the County's commitment to resolve this finding. We will review the corrective action taken during our next regular audit.

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

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, paragraph 11.

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), section 303 Internal controls, establishes internal control requirements for management of Federal awards to non-Federal entities.

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), section 516 Audit findings, establishes reporting requirements for audit findings.

Title 29, *U.S. Code of Federal Regulations* (CFR), Section 3.3 – *Weekly statement with respect to payment of wages*, and Section 3.4 – *Submission of weekly statements and the preservation and inspection of weekly payroll records*, establishes requirements for submission of weekly certified payroll reports.



**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**

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

Board of Commissioners  
Garfield County  
Pomeroy, 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 Garfield 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 April 17, 2019. As discussed in Note 9 to the financial statements, during the year ended 2017, the County adopted guidance for presentation and disclosure of amounts collected and held for special purpose districts in fiduciary funds, as required by the *Budgeting, Accounting and Reporting System* (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.

*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.

In addition, we noted certain matters that we will report to the management of the County in a separate letter dated April 30, 2019.

## **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.

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Pat McCarthy  
State Auditor  
Olympia, WA

April 17, 2019

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

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

Board of Commissioners  
Garfield County  
Pomeroy, Washington

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

We have audited the compliance of Garfield 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.

### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2017-001. Our opinion on each major federal program is not modified with respect to these matters.

### **County's Response to Findings**

The County's response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Federal Award Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **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 over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2017-001 to be a material weakness.

## **County's Response to Findings**

The County's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Federal Award Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **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 cursive script that reads "Pat McCarthy".

Pat McCarthy

State Auditor

Olympia, WA

April 17, 2019

# INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

## **Garfield County** **January 1, 2017 through December 31, 2017**

Board of Commissioners  
Garfield County  
Pomeroy, Washington

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of Garfield 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 20.

#### **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, Garfield 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 Garfield 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 Garfield 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 April 17, 2019 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 cursive script that reads "Pat McCarthy".

Pat McCarthy

State Auditor

Olympia, WA

April 17, 2019

## **FINANCIAL SECTION**

### **Garfield 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

**Garfield 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 Road</b>	<b>102 Fair Fund Ag Museum</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	2,579,996	270,438	-	176,163
30880	Unreserved	5,720,443	2,989,932	1,015,088	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
<b>Revenues</b>					
310	Taxes	1,849,067	986,187	813,781	-
320	Licenses and Permits	55,218	55,218	-	-
330	Intergovernmental Revenues	6,065,651	1,310,012	3,259,718	95,153
340	Charges for Goods and Services	1,007,451	587,282	-	14,463
350	Fines and Penalties	19,224	19,224	-	-
360	Miscellaneous Revenues	1,079,657	156,239	73,904	34,469
Total Revenues:		10,076,268	3,114,162	4,147,403	144,085
<b>Expenditures</b>					
510	General Government	1,868,623	1,826,598	-	-
520	Public Safety	1,445,729	1,239,162	-	-
530	Utilities	135,038	30,388	104,650	-
540	Transportation	2,937,120	-	1,868,931	-
550	Natural and Economic Environment	122,403	122,403	-	-
560	Social Services	213,388	72,919	-	-
570	Culture and Recreation	167,332	96,494	-	70,838
Total Expenditures:		6,889,633	3,387,964	1,973,581	70,838
Excess (Deficiency) Revenues over Expenditures:		3,186,635	(273,802)	2,173,822	73,247
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	807,951	742,146	40,805	25,000
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	148,178	136,985	125	10,539
381, 395, 398	Other Resources	129,914	43,377	-	85,000
Total Other Increases in Fund Resources:		1,086,043	922,508	40,930	120,539
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	2,637,877	118,228	2,148,009	139,489
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	811,674	58,845	19,182	69
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	22,907	52,969	(3,922)	-
581	Other Uses	130,458	130,458	-	-
Total Other Decreases in Fund Resources:		3,602,916	360,500	2,163,269	139,558
<b>Increase (Decrease) in Cash and Investments:</b>		<b>669,762</b>	<b>288,206</b>	<b>51,483</b>	<b>54,228</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	2,956,473	277,741	-	230,391
5088000	Unreserved	6,013,860	3,270,967	1,066,571	-
<b>Total Ending Cash and Investments</b>		<b>8,970,333</b>	<b>3,548,708</b>	<b>1,066,571</b>	<b>230,391</b>

The accompanying notes are an integral part of this statement.

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

		<b>104 Mental Health</b>	<b>106 Veterans Relief</b>	<b>113 Substance Abuse</b>	<b>114 Paths and Trails</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	140,259	12,712	784	27,611
30880	Unreserved	-	-	-	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
<b>Revenues</b>					
310	Taxes	15,465	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	142,567	6,468
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	100	-	-
Total Revenues:		15,465	100	142,567	6,468
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	15,836	-	118,492	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		15,836	-	118,492	-
Excess (Deficiency) Revenues over Expenditures:		(371)	100	24,075	6,468
<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:		-	-	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	1	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		1	-	-	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(372)</b>	<b>100</b>	<b>24,075</b>	<b>6,468</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	139,887	12,812	24,859	34,079
5088000	Unreserved	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>139,887</b>	<b>12,812</b>	<b>24,859</b>	<b>34,079</b>

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

		<b>119</b>		<b>126 Historic</b>	
		<b>Developmental</b>	<b>124 DUI Fund</b>	<b>Document</b>	<b>127 E911</b>
		<b>Disab</b>			
<b>Beginning Cash and Investments</b>					
30810	Reserved	2,185	49,709	282,580	220,148
30880	Unreserved	-	-	-	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	19,995
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	5,405	13,534	44,333	608,631
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	-	-	17
Total Revenues:		5,405	13,534	44,333	628,643
<b>Expenditures</b>					
510	General Government	-	-	42,025	-
520	Public Safety	-	1,073	-	201,441
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	6,141	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		6,141	1,073	42,025	201,441
Excess (Deficiency) Revenues over Expenditures:		(736)	12,461	2,308	427,202
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	512
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	512
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	6	1	7	432,418
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		6	1	7	432,418
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(742)</b>	<b>12,460</b>	<b>2,301</b>	<b>(4,704)</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	1,443	62,169	284,881	215,444
5088000	Unreserved	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>1,443</b>	<b>62,169</b>	<b>284,881</b>	<b>215,444</b>

The accompanying notes are an integral part of this statement.

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

		<b>128 Rural Transportation</b>	<b>130 Criminal Justice</b>	<b>133 Trial Court Improve</b>	<b>301 Capital Improvement</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	417	1,369,646	27,344	-
30880	Unreserved	-	-	-	1,007,494
388 / 588	Prior Period Adjustments, Net	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	13,639
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	573,967	5,863	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	431	-	-	-
Total Revenues:		431	573,967	5,863	13,639
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	4,053	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	4,053	-
Excess (Deficiency) Revenues over Expenditures:		431	573,967	1,810	13,639
<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:		-	-	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	-	25,000
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	848	300,000	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		848	300,000	-	25,000
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(417)</b>	<b>273,967</b>	<b>1,810</b>	<b>(11,361)</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	-	1,643,613	29,154	-
5088000	Unreserved	-	-	-	996,133
<b>Total Ending Cash and Investments</b>		<b>-</b>	<b>1,643,613</b>	<b>29,154</b>	<b>996,133</b>

The accompanying notes are an integral part of this statement.



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

		<b>501 Equip Rental &amp; Revol</b>
		<hr/>
<b>Beginning Cash and Investments</b>		
30810	Reserved	-
30880	Unreserved	707,929
388 / 588	Prior Period Adjustments, Net	-
<b>Revenues</b>		
310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	-
340	Charges for Goods and Services	405,706
350	Fines and Penalties	-
360	Miscellaneous Revenues	814,497
Total Revenues:		<hr/> 1,220,203
<b>Expenditures</b>		
510	General Government	-
520	Public Safety	-
530	Utilities	-
540	Transportation	1,068,189
550	Natural and Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		<hr/> 1,068,189
Excess (Deficiency) Revenues over Expenditures:		152,014
<b>Other Increases in Fund Resources</b>		
391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
386 / 389	Custodial Activities	17
381, 395, 398	Other Resources	1,537
Total Other Increases in Fund Resources:		<hr/> 1,554
<b>Other Decreases in Fund Resources</b>		
594-595	Capital Expenditures	207,151
591-593, 599	Debt Service	-
597	Transfers-Out	297
585	Special or Extraordinary Items	-
586 / 589	Custodial Activities	(26,140)
581	Other Uses	-
Total Other Decreases in Fund Resources:		<hr/> 181,308
<b>Increase (Decrease) in Cash and Investments:</b>		<hr/> <b>(27,740)</b>
<b>Ending Cash and Investments</b>		
5081000	Reserved	-
5088000	Unreserved	680,189
<b>Total Ending Cash and Investments</b>		<hr/> <b>680,189</b>

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

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

	Total for All Funds (Memo Only)	Investment Trust	Pension Trust	Private-Purpose Trust	Agency
308	6,102,620	2,842	-	89,699	6,010,079
388 & 588					
Beginning Cash and Investments	-	-	-	-	-
310-390	18,691,744	1,400,397	375,180	1,984	16,914,183
Prior Period Adjustment, Net					
Additions	17,040,991	1,399,571	110,599	-	15,530,821
510-590					
Deductions					
Net Increase (Decrease) in Cash and Investments:	1,650,753	826	264,581	1,984	1,383,362
508	7,753,373	3,668	264,581	91,683	7,393,441
Ending Cash and Investments					

GARFIELD COUNTY, WASHINGTON  
ALL FUNDS  
NOTES TO FINANCIAL STATEMENTS  
January 1, 2017 to December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Garfield County was incorporated on November 29, 1881 and operates under the laws of the state of Washington applicable to a second class county with a commissioner form of government. The county is a general purpose government and provides general administrative services, public safety, road improvement, judicial administration, health and social 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

The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of single-entry accounts that comprises its cash, investments, revenues and expenditures, as appropriate. The county's resources are allocated to and accounted for in individual funds depending on their intended purpose. The following are the fund types used by the county:

GOVERNMENTAL FUND TYPES:

General (Current Expense) Fund

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.

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

## FIDUCIARY FUND TYPES:

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

### 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 an agency capacity.

## b. Basis of Accounting and Measurement Focus

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Revenues are recognized only when cash is received and expenditures are recognized when paid, including those properly chargeable against the report year(s) budget appropriations as required by state law.

Purchases of capital assets are expensed during the year of acquisition. There is no capitalization of capital assets, nor allocation of depreciation expense. Inventory is expensed when purchased.

The basis of accounting described above represents a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

## c. Budgets

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

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

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

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund:			
Commissioner	278333	243582	34751
Superior Court	80294	45845	34449
Clerk	113341	89273	24068
Emergency Management	19500	19412	88
District Court	174192	142701	31491
Treasurer	169240	132352	36888
Auditor	208462	180975	27487
Assessor	162410	124224	38186
Board of Equalization	5225	2063	3162
Election	20750	15354	5396
Prosecuting Attorney	386160	285821	100339
Courthouse	149666	127746	21920
Computer	153000	114482	38518
Copy Machine	16400	1356	15044
Sheriff	817718	667304	150414
Civil Service	300	300	0
Jail	215771	176468	39303
Dispatcher	475091	390999	84092
Building Inspector	4650	3191	1459
Voluntary Stewardship	133306	116444	16862
Service Delivery	122287	57561	64726
Planning	12400	2768	9632
Agent	78012	63038	14974
Library	59890	47611	12279
Miscellaneous	370807	320518	50289
<b>CE Total</b>	<b>4227206</b>	<b>3371388</b>	<b>855818</b>
County Road	4795065	4346755	448310
Fair Fund	279412	208926	70486
Ag. Museum	138500	13831	124669
Fair Building Fund	12278	0	12278
Mental Health	148236	15837	132399
Veterans Relief	12703	0	12703
Treasurer's Revolving	00	0	0
Noxious Weed Board *	31000	26447	4553
Employees CAF Trust *	80000	72482	7518
Substance Abuse	110700	118492	-7792
Paths and Trails	32500	0	32500
Law Library *	8050	5869	2181
LFO Collections *	2500	98	2402
Affordable Housing *	32500	15000	17500
Burn Permits *	70000	43473	26527
Developmental Disab.	8100	6147	1953
County Tech Fee REET *	89320	7031	82289
City County Drug *	10900	106	10794
DUI	61000	1074	59926
Auditor O&M	84503	0	84503
Historic Doc. Pres.	340000	42032	297968

E911	778658	633893	144765
Criminal Justice	1853000	300000	1553000
Trial Court Improvement	35000	4053	30947
MH Building Maint. *	26000	358	25642
Capital Improvements	1033000	25000	1008000
ER&R General	1344950	1084241	260709
Criminal Victims Witness	20000	0	20000
HS Library	3350	0	3350
* These funds roll up and are presented as part of the Current Expense Fund			

Budgeted amounts are authorized to be transferred between object classes within a department of the General Fund and are authorized to be transferred between object classes within the other funds; 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's legislative body.

d. Cash

It is the county's policy to invest all temporary cash surpluses. The amount is included in the 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 Current Expense fund per RCW 36.29.020 and the County Investment Policy.

e. Deposits

It is the County's policy to invest all temporary cash surpluses as per the County Investment Policy. All deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation. All investments are insured, registered or held by the County or its agent in the Government's name.

f. Investments

See Investment Note 3.

g. Capital Assets

Capital assets are long-lived assets of the county and are recorded as expenditures when purchased. During the budget process capital purchase requests are identified by the departments and then reviewed and approved for purchase by the County Commissioners as a separate line item within the appropriate budget. Capital assets are assets with an initial individual cost of more than \$5000 and an estimated useful life in excess of 5 years.

h. Compensated Absences

Vacation pay may be accumulated up to 240 hours and is payable upon separation or retirement.

Sick leave may be accumulated from year to year not to exceed the limit of 960 working hours. Sick Leave earned after the employee has accumulated the full limit of 960 unused hours shall be converted to vacation time by the County at the rate of one hour of vacation time for each 2 hours

of excess unused sick leave. For those employees first hired before December 27, 1995, no payment shall be made at retirement for any accumulated sick leave existing and not used as of the retirement date. Employees who contemplate retirement, and have given notice in writing to the department head of the effective date of their retirement, may convert any existing sick leave to compensation time off with pay to the extent of said unused sick leave. Those employees first hired on or after December 27, 1995, shall, upon retirement, be paid a sick leave cash-out on a three-to-one basis (three days of accumulated sick leave equals one regular day of pay). In the event of termination for reasons other than retirement or death, no payment shall be made for any accumulated sick leave existing at time of termination.

i. Long Term Debt

See Debt Service Requirements Note 6

j. Other Financing Sources or Uses

The county's *Other Financing Sources or Uses* consist of operating transfers-in and operating transfers-out or compensation for the sale/loss/impairment of Capital Assets and may include custodial activities for other taxing districts.

k. 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 Garfield 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 total \$2,956,473 and consist of funds budgeted for specific projects or commitments as listed below:

Current Expense: Ending reserved total of \$277,741 is made up of the following:

- \$12,235 - Revolving Accounts
- \$6,029 - Noxious Weed Board Activities
- \$ 57 - Employees Cafeteria Trust – Employee Funds held for Section 125 payments
- \$ 37 - Law Library book account
- \$ 3,304 – LFO set up by RCW for Child Support Activities
- \$ 19,001 – Affordable Housing Activities
- \$ 31,423 – Burn Permits set up per agreement with Soil Conservation
- \$ 84,406 – REET funding set up by RCW
- \$ 9,847 – City County Drug Fund – drug forfeiture activities restricted expenditures
- \$85,257 – Auditor O&M – Reserved funds for capital purchases only
- \$26,145 – Mental Health Building Maint. – Capital funds set aside for Building Maint.

Fair Fund Ag Museum: \$230,391 These funds are all private donations for the specific purpose of creating and maintaining the museum at the County Fairgrounds.

Mental Health: \$139,887 State and Federal funds for Mental Health Services

Veterans Relief: \$12,812 Veteran Services set up by RCW

Substance Abuse: \$24,859 State and Federal funds for Substance Abuse Prevention

Paths and Trails: \$34,079 Set up by RCW to fund the formation of Paths and Trails

Developmental Disab.: \$1,443 State and Federal funds for DDD services

DUI Fund: \$62,169 Set up by RCW from court fines for specific purposes

Historic Document Preservation: \$284,881 State funds for replacement of equipment specific to preservation of Historic Documents

E911: \$215,444 State Funds specifically used for the upgrade and maintenance of the E911 system in Garfield County

Criminal Justice: \$1,643,613 State funds for the specific purpose of funding Criminal Justice needs

Trial Court Improvement: \$29,154 Court fines specifically set up for Court Improvement needs

## 1. Risk Management

Garfield County is a participating member of the Washington Counties Risk Pool (WCRP). Chapter 48.62 RCW authorizes the governing body of one or more governmental entities to join together 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 Inter-local Cooperation Act. The Pool was formed in August of 1988 when 15 counties in the state of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 31, 2017, 26 counties participate in the WCRP.

The Pool allows members to jointly establish a plan of self-insurance, and provides related services, such as risk management and claims administration. Members enjoy occurrence-based, jointly purchased and/or jointly self-insured liability coverage for bodily injury, personal injury, property damage, errors and omissions, and advertising injury caused by a covered occurrence during an eligible period and occurring anywhere in the world. Total coverage limits are \$25 million per occurrence and each member selects its occurrence deductible amount for the ensuing coverage year from these options: \$10,000, \$25,000, \$50,000, \$100,000, \$250,000 or \$500,000. For losses occurring in 2017, Garfield County selects a per-occurrence deductible of \$10,000.

Members make an annual contribution to fund the Pool. The Pool acquires reinsurance for further protection from larger losses, direct protection for the Pool and indirect for the member counties due to the contingent liabilities they would otherwise incur from risk-sharing those losses. The reinsurance agreements are written with self-insured retentions (“SIRs”) equal to the greater of the deductible for the member with the claim or \$100,000. More recent years’ reinsurance programs have included “corridor deductibles” with aggregated stop losses which have the effect of increasing the Pool’s SIR. For 2016-17, the “corridor” increased the SIR to \$2 million, with an aggregated stop loss of \$4.35 million. Other reinsurance agreements respond up to the applicable policy limits. Those reinsurance agreements contain aggregate limits for the maximum annual reimbursements to the Pool of \$40 million (lowest reinsured layer), \$20 million, (second layer), \$30 million (third layer) and \$50 million (final reinsured layer). Since the Pool is a cooperative program, there is a joint liability among the participating members.

New members may be asked to pay modest fees to cover the costs to analyze their loss data and risk profiles, and for their proportional shares of the entry year’s assessments. New members contract under the Interlocal Agreement to remain in the Pool for at least five years. Following its initial 60-month term, any member may terminate its membership at the conclusion of any Pool fiscal year, provided the county timely files the required advance written notice. Otherwise, the



Interlocal Agreement and membership automatically renews for another year. Even after termination, former members remain responsible for reassessments by the Pool for the members' proportional shares of any unresolved, unreported, and in-process claims for the periods that the former members were signatories to the Interlocal Agreement.

The Pool is fully funded by its member participants. Claims are filed directly with the Pool by members and adjusted by one of the six staff members responsible for evaluating each claim for coverage, establishing reserves, and investigating for any risk-shared liability. The Pool does not contract with any third party administrators for claims adjustment or loss prevention services. During 2016-17, Garfield County was also one of twenty-six (26) counties which participated in the Washington Counties Property Program (WCPP). Property losses are covered under the WCPP to the participating counties' buildings and contents, vehicles, mobile/contractor equipment, EDP and communication equipment, etc. that have been scheduled. The WCPP includes 'All Other Perils ("AOP")' coverage limits of \$500 million per occurrence as well as Flood and Earthquake (catastrophe) coverages with separate occurrence limits, each being \$200 million. There are no AOP annual aggregate limits, but the flood and earthquake coverages include annual aggregate limits of \$200 million each. Each participating county is solely responsible for paying their selected deductible, ranging between \$5,000 and \$50,000. Higher deductibles apply to losses resulting from catastrophe-type losses.

Garfield County also participates in the jointly purchased cyber risk and security coverage from a highly-rated commercial insurer.

The Pool is governed by a board of directors which is comprised of one designated representative from each participating member. The Board of Directors generally meets three-times each year with the Annual Meeting of the Pool being held in summer. The Board approves the extent of risk-sharing, approves the Pool's self-insuring coverage documents, approves the selection of reinsurance and excess agreements, and approves the Pool's annual operating budget.

An 11-member executive committee is elected by and from the WCRP Board for staggered, 3-year terms. Authority has been delegated to the Committee by the Board of Directors to, a) approve all disbursements and reviews the Pool's financial health, b) approve case settlements exceeding the applicable member's deductible by at least \$50,000, c) review all claims with incurred loss estimates exceeding \$100,000, and d) evaluate the Pool's operations, program deliverables, and the Executive Director's performance. Committee members are expected to participate in the Board's standing committees (finance, personnel, risk management, and underwriting) which develop or review/revise proposals for and/or recommendations to the association's policies and its coverages for the Board to consider and act upon.

During 2016-17, the WCRP's assets remained stable at \$46.8 million while its liabilities decreased slightly to \$28.6 million. The Pool's net position increased slightly from \$17.9 million to \$18.1 million. The Pool more than satisfies the State Risk Manager's solvency requirements (WAC 200.100.03001). The Pool is a cooperative program with joint liability amongst its participating members.

Deficits of the Pool resulting from any fiscal year are financed by reassessments of the deficient year's membership in proportion with the initially levied and collected deposit assessments. The Pool's reassessments receivable balance as of December 31, 2017 was zero (\$0). As such, there were no known contingent liabilities at that time for disclosure by the member counties.

Garfield County has elected to purchase joint self-insurance with a \$10,000 deductible. The policy limits are as follows: Property (buildings and contents) \$7,000,000; Comp general liability, \$7,000,000; Auto liability, \$10,000,000; public officials and employees liability, \$10,000,000; crime, \$10,000,000 boiler and catastrophe, \$7,000,000 with a \$100,000 deductible. Garfield County self-insures for vehicle collision and theft.

The financial statements of the risk pool may be obtained by contacting the following:

Washington Counties Risk Pool  
205 Clark Place SE  
Tumwater, WA 98501-4062

#### NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions. One budget exceeded legal appropriations under the county's budget.

Substance Abuse, Prevention      \$110,700      \$118,492      - \$ 7,792  
(Reason – Payment of a voucher late in billing cycle – too late for Supplemental Budget, funds were available in cash)

#### NOTE 3 - INVESTMENTS

The county's investments are either insured, registered or held by the county or its agent in the county's name. Investments will be carried at cost as per our County Investment Policy (Resolution #13923).

Investments are presented at US Bank, Umpqua Bank, and Columbia State Bank.

Investments by type at December 31, 2017 are as follows:

Type of Investment	Garfield County's own investments	Investments held by Garfield County as an agent for other local governments, individual or private organizations.	Total
CO RESID L.G.I.P.	\$ 7,696,540.71		\$ 7,696,540.71
CO RESID TIME VALUE BD	\$ 2,748,506.91		\$ 2,748,506.91
OTHER L.G.I.P		\$ 5,034,404.13	\$ 5,034,404.13
Total	\$ 10,445,047.62	\$ 5,034,404.13	\$ 15,479,451.75

Local Government Investment Pool (LGIP), Municipal Investments, and Bank-Invested Programs are a combination of County and Agent-held monies. The County invests temporary cash surplus and retains the interest earned in the County's Current Expense/General Fund. Investments held for local governments, individuals, or private organizations receive the interest income generated from their investments as per County Investment Policy.

#### 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 \$1.171009318545 per \$1,000 on an assessed valuation of \$616,650,371 for a total regular levy of \$722,103.33.

The county's Mental Health levy for the year 2017 was \$.025 per \$1,000 on an assessed valuation of \$616,650,371 for a total mental health levy of \$15,416.26.

The county is also authorized to levy \$2.25 per \$1,000 of assessed valuation in unincorporated areas for road construction and maintenance. This levy is subject to the same limitations as the levy for general government services. The county's road levy for 2017 was \$1.485038542753 per \$1,000 on an assessed valuation of \$546,146,633 for a total road levy of \$811,048.80.

The County elected to not levy for Veterans Relief.

#### NOTE 5 - INTERFUND LOANS AND ADVANCES

The following table displays interfund loan activity during 2017:

Borrowing Fund	Lending Fund	Balance 1/1/2017	New Loans	Repayments	Balance 12/31/2017
102 – FF	001 – CE	\$ 4,000	\$ 85,000	\$	\$ 89,000
104 – MH	001 – CE	\$ 12,037	\$	\$	\$ 12,037
195 – MH Mt.	001 – CE	\$ 1,000	\$	\$	\$ 1,000
127 – E911	001 – CE	\$ 7,100	\$	\$	\$ 7,100
401 – SWM	001 – CE	\$ 1,200	\$	\$	\$ 1,200
628 – CTA	001 – CE	\$ 0	\$ 5,000	\$	\$ 5,000
	Totals	\$ 25,337	\$ 90,000	\$ 0	\$115,337

#### NOTE 6 – DEBT SERVICE REQUIREMENTS

The accompanying Schedule of Long-Term Liabilities (09) provides more details of the outstanding debt and liabilities of the County and summarizes the County's debt transactions for year ended December 31, 2017. The debt service requirements for County Leases are as follows:

Year	Principle	Interest	Total
2017	\$ 62,020	\$ 24,762	\$ 86,782
2018	\$ 64,025	\$ 22,757	\$ 86,782
2019	\$ 66,095	\$ 20,687	\$ 86,782
2020	\$ 68,232	\$ 18,550	\$ 86,782
2021	\$ 460,438	\$ 16,344	\$ 476,782
2022 – 2023	\$ 48,893	\$ 2,392	\$ 51,285

#### NOTE 7 - PENSION PLANS

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

- Public Employees Retirement System (PERS)
- Law Enforcement Officers and Fire Fighters (LEOFF)

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

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

Department of Retirement Systems  
Communications Unit  
PO Box 48380  
Olympia, WA 98504-8380

Also, the DRS CAFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov)

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

	ALLOCATION %	LIABILITY (Asset)
PERS 1	.016662 %	\$ 790,625
PERS 2 / 3	.021442 %	\$ 744,312
LEOFF 1	.001426 %	\$ (21,636)
LEOFF 2	.012332 %	\$ (171,128)

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.

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

#### NOTE 8 – PRIOR PERIOD ADJUSTMENTS

The County had no Prior Period Adjustments.

#### 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 \$7,650,751 in custodial deposits reported in the statement of Fiduciary Fund Resources and Uses Arising from Cash Transactions for the year ended December 31, 2017. In addition, these amounts are now required to be presented by fund type rather than by individual fund.

#### NOTE 10 - OTHER DISCLOSURES

The Board of Garfield County Commissioners also sit on the five member Public Health District Board (PHD) along with two residents from the community. The PHD is audited on their own as a junior taxing district. Garfield County provides funds in the amount of \$32,500 annually to the Public Health District for the purpose of providing Public Health Services as per an on-going verbal agreement with the district.

The Garfield County Transportation Authority (Garfield CTA) was created on November 7, 2016 under Resolution No. 14113, per RCW 36.57.020. The membership for the board of the CTA consists of the three County Commissioners and the Mayor of the City of Pomeroy. The CTA Board passed a resolution to propose an additional Sales and Use Tax of nine-tenths of one percent to provide funds for the operation, maintenance or capital needs of public transportation systems. This tax increase was approved by the voters on February 14, 2017 and revenue from this tax started to be received after July 1, 2017. The remaining fund balance of \$848 that was in the County's Rural Transportation (Fund #128) was transferred to the CTA (Fund #638) during 2017 to assist with operations.

**Garfield 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>Revenue and Other (non G.O.) Debt/Liabilities</b>						
259.12	Countywide Compensated Absences		120,452	-	5,120	115,332
263.52	Lease Purchase - E251	1/25/2021	137,979	-	25,862	112,117
263.52	Lease Purchase - E120	4/12/2021	236,714	-	7,826	228,888
263.52	Lease Purchase - E121	4/12/2021	236,714	-	7,826	228,888
263.52	Lease Purchase - E252	8/15/2023	158,297	-	20,506	137,791
263.84	Pension / GASB 68	6/30/2017	2,003,255	-	468,318	1,534,937
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>2,893,411</b>	<b>-</b>	<b>535,458</b>	<b>2,357,953</b>
<b>Total Liabilities:</b>			<b>2,893,411</b>	<b>-</b>	<b>535,458</b>	<b>2,357,953</b>

**Garfield 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		
Forest Service Schools and Roads Cluster									
FOREST SERVICE, AGRICULTURE, DEPARTMENT OF (via Treasurer)	Schools and Roads - Grants to Counties	10.666	n/a	9,756	-	9,756	-	2	
	Total Forest Service Schools and Roads Cluster:			9,756	-	9,756	-		
Office for Victims of Crime, JUSTICE, DEPARTMENT OF (via Wash Dept of Commerce)	Crime Victim Assistance	16.575	s18-31102-538	45,755	-	45,755	-	2	
Highway Planning and Construction Cluster									
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WASH DOT)	Highway Planning and Construction	20.205	LA-9064	406,074	-	406,074	-	2	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WASH DOT)	Highway Planning and Construction	20.205	LA-8993	19,949	-	19,949	-	2	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WASH DOT)	Highway Planning and Construction	20.205	LA-8706	1,800	-	1,800	-	2	
Total CFDA 20.205:				427,823	-	427,823	-		
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WASH DOT)	Federal Lands Access Program	20.224	DTFH-70-15-E- 00040	1,300,954	-	1,300,954	-	2	
Total Highway Planning and Construction Cluster:				1,728,777	-	1,728,777	-		

**Garfield 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		
Highway Safety Cluster								
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via TRANSPORTATION)	State and Community Highway Safety	20.600	N/A	4,742	-	4,742	-	2
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WSP)	State and Community Highway Safety	20.600	BULLET PROOF VEST GRANT	1,611	-	1,611	-	2
Total Highway Safety Cluster:				6,353	-	6,353	-	
Aging Cluster								
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS)	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	2017GC	61,417	-	61,417	-	2
Total Aging Cluster:				61,417	-	61,417	-	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	0963-68030	118,492	-	118,492	118,492	2
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA St Emergency Mgt.)	Homeland Security Grant Program	97.067	E17-145	19,412	-	19,412	-	2
Total Federal Awards Expended:				1,989,962	-	1,989,962	118,492	



GARFIELD COUNTY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JANUARY 1, 2017 THRU DECEMBER 31, 2017

NOTE 1 - BASIS OF ACCOUNTING

The Schedule of Financial Assistance is prepared on the same basis of accounting as the County's financial statements. The County uses a cash basis accounting method wherein each fund is considered a separate accounting entity with a set of self balancing accounts.

NOTE 2 - PROGRAM COSTS

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

NOTE 3 – INDIRECT COST RATE

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

Board of County Commissioners  
County of Garfield



P.O. Box 278 • Pomeroy, Washington 99347 • (509) 843-1391 • Fax: (509) 843-3941

## CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED UNDER UNIFORM GUIDANCE

**Garfield 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>Finding ref number:</b> 2017-001	<b>Finding caption:</b> The County did not have adequate internal controls to comply with Davis-Bacon Act (wage rate) requirements.
<b>Name, address, and telephone of County contact person:</b> Donna Deal P.O. Box 340 Pomeroy, WA 99347 (509) 843-1411	
<b>Corrective action the auditee plans to take in response to the finding:</b> <i>Garfield County Public Works will do a better job of tracking contractors and sub contractor's payrolls by comparing inspector diaries with statements of working days to ensure we have accounted for required or missing certified payrolls including no work certified payrolls. As for the missing payrolls for truck service providers working for an approved contractor/subcontractor, Garfield County inspectors will ensure that trucks not marked with approve contractor or subcontractor logos will be checked to verify whether they are owner operators, or are on the Contractors/subcontractors payroll. Also, Garfield County inspectors will verify daily employee counts vs certified payrolls. This should act as a double check to ensure we have obtained all necessary certified payrolls.</i>	
<b>Anticipated date to complete the corrective action:</b> December 5, 2018	

## ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

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

Contact information for the State Auditor's Office	
Public Records requests	<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>