



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Stevens County

For the period January 1, 2020 through December 31, 2020

Published March 17, 2022

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

March 17, 2022

Board of Commissioners
Stevens County
Colville, Washington

Report on Financial Statements and Federal Single Audit

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

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

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Stevens County January 1, 2020 through December 31, 2020

SECTION I – SUMMARY OF AUDITOR’S RESULTS

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

Financial Statements

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

Internal Control over Financial Reporting:

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

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

Federal Awards

Internal Control over Major Programs:

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

We issued an unmodified opinion on the County’s compliance with requirements applicable to 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>
21.019	COVID-19 – Coronavirus Relief Fund

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.

INDEPENDENT AUDITOR'S REPORT

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, 2020 through December 31, 2020

Board of Commissioners
Stevens County
Colville, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Stevens County, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's financial statements, and have issued our report thereon dated March 1, 2022.

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 state law and the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual described in Note 1, which is a basis of accounting other than GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

As discussed in Note 4 to the financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the County is unknown. Management's plans in response to this matter are also described in Note 4.

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 March 10, 2022.

COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

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

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

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

Pat McCarthy, State Auditor

Olympia, WA

March 1, 2022

INDEPENDENT AUDITOR'S REPORT

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, 2020 through December 31, 2020

Board of Commissioners
Stevens County
Colville, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the compliance of Stevens County, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2020. 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, 2020.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

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

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

Purpose of this Report

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

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

Pat McCarthy, State Auditor

Olympia, WA

March 1, 2022

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

Stevens County January 1, 2020 through December 31, 2020

Board of Commissioners
Stevens County
Colville, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Stevens County, for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's financial statements, as listed on page 15.

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Unmodified Opinion on Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, Stevens County has prepared these financial statements to meet the financial reporting requirements of state law 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 cash and investments of Stevens County, and its changes in cash and investments, for the year ended December 31, 2020, 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, 2020, or the changes in financial position or cash flows thereof 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 4 to the financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the County is unknown. Management's plans in response to this matter are also described in Note 4. 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 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 March 1, 2022 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Pat McCarthy, State Auditor

Olympia, WA

March 1, 2022

FINANCIAL SECTION

Stevens County January 1, 2020 through December 31, 2020

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2020
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2020
Notes to Financial Statements – 2020

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2020
Schedule of Expenditures of Federal Awards – 2020
Notes to the Schedule of Expenditures of Federal Awards – 2020

Stevens County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2020

		Total for All Funds (Memo Only)	001 CURRENT EXPENSE	106 PERF ARTS TOURISM ETC	107 CRIME VICTIMS AND WITNESS FUND
Beginning Cash and Investments					
308	Beginning Cash and Investments	28,872,373	5,603,788	114,670	128,963
388 / 588	Net Adjustments	(71,275)	95	-	-
Revenues					
310	Taxes	19,149,703	11,025,442	62,231	-
320	Licenses and Permits	654,607	559,768	-	-
330	Intergovernmental Revenues	17,434,364	8,173,208	-	-
340	Charges for Goods and Services	27,308,087	2,235,011	-	51,832
350	Fines and Penalties	479,933	475,359	-	-
360	Miscellaneous Revenues	5,589,972	820,592	1,754	677
Total Revenues:		70,616,666	23,289,380	63,985	52,509
Expenditures					
510	General Government	14,923,665	11,255,866	-	1,662
520	Public Safety	9,873,860	7,301,240	-	-
530	Utilities	2,170,922	-	-	-
540	Transportation	13,817,221	-	-	-
550	Natural/Economic Environment	1,743,494	1,432,321	-	-
560	Social Services	14,763,135	833,114	-	-
570	Culture and Recreation	457,140	447,631	4,930	-
Total Expenditures:		57,749,437	21,270,172	4,930	1,662
Excess (Deficiency) Revenues over Expenditures:		12,867,229	2,019,208	59,055	50,847
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	555	-	-	-
397	Transfers-In	1,297,416	278,105	-	-
385	Special or Extraordinary Items	82,389	-	-	-
381, 382, 389, 395, 398	Other Resources	525,090	5,321	-	-
Total Other Increases in Fund Resources:		1,905,450	283,426	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	6,067,881	377,758	-	-
591-593, 599	Debt Service	224,807	-	-	-
597	Transfers-Out	1,297,416	841,101	-	35,000
585	Special or Extraordinary Items	72,000	72,000	-	-
581, 582, 589	Other Uses	493,814	9,919	-	-
Total Other Decreases in Fund Resources:		8,155,918	1,300,778	-	35,000
Increase (Decrease) in Cash and Investments:		6,616,761	1,001,856	59,055	15,847
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	12,803,188	50,485	173,725	-
50841	Committed	16,059,417	-	-	144,811
50851	Assigned	-	-	-	-
50891	Unassigned	6,555,259	6,555,259	-	-
Total Ending Cash and Investments		35,417,864	6,605,744	173,725	144,811

The accompanying notes are an integral part of this statement.

Stevens County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2020

		110 ROAD FUND	115 PATHS AND TRAILS	121 HOMELESSNES S	122 NEW ALLIANCE COUNSELING
Beginning Cash and Investments					
308	Beginning Cash and Investments	6,232,938	289,432	801,316	3,776,852
388 / 588	Net Adjustments	-	-	-	5,000
Revenues					
310	Taxes	6,098,432	-	-	177,901
320	Licenses and Permits	94,839	-	-	-
330	Intergovernmental Revenues	7,593,298	17,725	-	623,202
340	Charges for Goods and Services	68,451	-	383,735	14,497,219
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	79,467	-	134,225	41,617
Total Revenues:		13,934,487	17,725	517,960	15,339,939
Expenditures					
510	General Government	57,648	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	11,001,946	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	171,759	13,677,599
570	Culture and Recreation	-	-	-	-
Total Expenditures:		11,059,594	-	171,759	13,677,599
Excess (Deficiency) Revenues over Expenditures:		2,874,893	17,725	346,201	1,662,340
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	33,652	-	-	3,708
Total Other Increases in Fund Resources:		33,652	-	-	3,708
Other Decreases in Fund Resources					
594-595	Capital Expenditures	392,320	-	-	48,267
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	19,005
Total Other Decreases in Fund Resources:		392,320	-	-	67,272
Increase (Decrease) in Cash and Investments:		2,516,225	17,725	346,201	1,598,776
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	8,749,166	-	-	80,091
50841	Committed	-	307,157	1,147,517	5,300,532
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		8,749,166	307,157	1,147,517	5,380,623

Stevens County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2020

		123 VERY LOW INCOME HOUSING	124 VETERANS RELIEF FUND	125 LAW LIBRARY	126 AUDITORS O&M FUND
Beginning Cash and Investments					
308	Beginning Cash and Investments	172,301	117,221	40,146	50,676
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	54,329	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	54,931
340	Charges for Goods and Services	69,595	-	10,870	34,033
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	1,077	796	224	-
Total Revenues:		70,672	55,125	11,094	88,964
Expenditures					
510	General Government	-	-	-	53,304
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	40,000	40,663	-	-
570	Culture and Recreation	-	-	2,837	-
Total Expenditures:		40,000	40,663	2,837	53,304
Excess (Deficiency) Revenues over Expenditures:		30,672	14,462	8,257	35,660
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	519	-	-
Total Other Increases in Fund Resources:		-	519	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	30,000
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	-	-	30,000
Increase (Decrease) in Cash and Investments:		30,672	14,981	8,257	5,660
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	56,336
50841	Committed	202,973	132,203	48,403	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		202,973	132,203	48,403	56,336

Stevens County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2020

		127 ELECTIONS	128 NORTHEAST WASHINGTON	129 TREASURERS O&M	130 WEED CONTROL
Beginning Cash and Investments					
308	Beginning Cash and Investments	-	22,686	63,141	131,504
388 / 588	Net Adjustments	-	8,000	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	128,912	36,154	-	967
340	Charges for Goods and Services	-	-	5,095	10,238
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	114	-	-	154,652
Total Revenues:		129,026	36,154	5,095	165,857
Expenditures					
510	General Government	-	-	5,423	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	164,820
560	Social Services	-	-	-	-
570	Culture and Recreation	-	1,742	-	-
Total Expenditures:		-	1,742	5,423	164,820
Excess (Deficiency) Revenues over Expenditures:		129,026	34,412	(328)	1,037
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	58,689	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		58,689	-	-	-
Increase (Decrease) in Cash and Investments:		70,337	34,412	(328)	1,037
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	70,337	65,098	62,813	-
50841	Committed	-	-	-	132,541
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		70,337	65,098	62,813	132,541

The accompanying notes are an integral part of this statement.

Stevens County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2020

		131 LAKE MANAGEMENT DISTRICTS	133 FAMILY LAW COURT FACILITATOR	138 DEER LAKE MNGT DIST #1- 2011	139 GUARDIANSHIP FACILITATOR
Beginning Cash and Investments					
308	Beginning Cash and Investments	4,525	28,704	509	2,240
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	10,621	-	300
350	Fines and Penalties	82	-	36	-
360	Miscellaneous Revenues	961	58	425	-
Total Revenues:		1,043	10,679	461	300
Expenditures					
510	General Government	-	8,700	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	3,056	-	898	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		3,056	8,700	898	-
Excess (Deficiency) Revenues over Expenditures:		(2,013)	1,979	(437)	300
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	-	-	-
Increase (Decrease) in Cash and Investments:		(2,013)	1,979	(437)	300
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	-
50841	Committed	2,513	30,683	73	2,540
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		2,513	30,683	73	2,540

The accompanying notes are an integral part of this statement.

Stevens County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2020

		140 DRUG INVESTIGATION FUND	141 SHERIFF STATE DRUG FORFEITURE	142 SHERIFF FEDERAL DRUG	145 EMERGENCY COMMUNICATI
Beginning Cash and Investments					
308	Beginning Cash and Investments	91,590	45,332	41,156	451,153
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	411,177
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	425,733
340	Charges for Goods and Services	-	-	-	1,092,623
350	Fines and Penalties	4,057	-	-	-
360	Miscellaneous Revenues	-	498	65	45,878
Total Revenues:		4,057	498	65	1,975,411
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	3,871	-	4,378	1,589,475
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		3,871	-	4,378	1,589,475
Excess (Deficiency) Revenues over Expenditures:		186	498	(4,313)	385,936
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	55	-	240,000
Total Other Increases in Fund Resources:		-	55	-	240,000
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	6,302	-	467,350
591-593, 599	Debt Service	-	-	-	2,472
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	72,889
Total Other Decreases in Fund Resources:		-	6,302	-	542,711
Increase (Decrease) in Cash and Investments:		186	(5,749)	(4,313)	83,225
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	91,776	39,583	36,843	-
50841	Committed	-	-	-	534,376
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		91,776	39,583	36,843	534,376

Stevens County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2020

		150 INMATE WELFARE FUND	155 CE VEHICLE REPLACEMENT	160 TRIAL COURT IMPROVEMENT	165 REET ELECTRONIC TECHNOLOGY
Beginning Cash and Investments					
308	Beginning Cash and Investments	29,292	5,945	40,581	33,177
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	22,672	10,869
340	Charges for Goods and Services	4,879	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	873	-	-	-
Total Revenues:		5,752	-	22,672	10,869
Expenditures					
510	General Government	-	85,002	10,980	-
520	Public Safety	1,230	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		1,230	85,002	10,980	-
Excess (Deficiency) Revenues over Expenditures:		4,522	(85,002)	11,692	10,869
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	305,000	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	283	51,903	-	-
Total Other Increases in Fund Resources:		283	356,903	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	250,833	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	340	-	-	-
Total Other Decreases in Fund Resources:		340	250,833	-	-
Increase (Decrease) in Cash and Investments:		4,465	21,068	11,692	10,869
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	44,046
50841	Committed	33,756	27,013	52,273	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		33,756	27,013	52,273	44,046

The accompanying notes are an integral part of this statement.

Stevens County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2020

		180 DEER LAKE MNGT DIST 1- 2016	181 LOON LAKE MILFOIL- 1-2018	182 LPO MILFOIL 2-2018	190 ELECTIONS - CARES
Beginning Cash and Investments					
308	Beginning Cash and Investments	979	46,716	13,615	-
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	160,089
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	116	183	100	-
360	Miscellaneous Revenues	29,230	68,061	17,717	155
Total Revenues:		29,346	68,244	17,817	160,244
Expenditures					
510	General Government	-	-	-	101,176
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	24,284	58,377	6,588	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		24,284	58,377	6,588	101,176
Excess (Deficiency) Revenues over Expenditures:		5,062	9,867	11,229	59,068
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	72,000	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	72,000	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	-	-	-
Increase (Decrease) in Cash and Investments:		5,062	81,867	11,229	59,068
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	59,069
50841	Committed	6,041	128,582	24,843	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		6,041	128,582	24,843	59,069

The accompanying notes are an integral part of this statement.

Stevens County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2020

		201 CURRENT EXPENSE GO BOND	305 GENERAL CAPITAL PROJECTS	306 PUBLIC FACILITIES (REF 49)	405 SHERIFFS AMBULANCE FUND
Beginning Cash and Investments					
308	Beginning Cash and Investments	32,676	1,405,913	1,218,254	703,521
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	741,490	578,701	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	127,705
340	Charges for Goods and Services	-	-	-	925,813
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	28	6,130	5,503	33,598
Total Revenues:		28	747,620	584,204	1,087,116
Expenditures					
510	General Government	-	47,946	39,043	-
520	Public Safety	-	-	-	973,666
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	53,150	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	47,946	92,193	973,666
Excess (Deficiency) Revenues over Expenditures:		28	699,674	492,011	113,450
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	68,707	-	-	378,070
385	Special or Extraordinary Items	10,389	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		79,096	-	-	378,070
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	120,021	-	726,264
591-593, 599	Debt Service	80,996	-	-	-
597	Transfers-Out	-	34,200	213,105	34,507
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	7,503
Total Other Decreases in Fund Resources:		80,996	154,221	213,105	768,274
Increase (Decrease) in Cash and Investments:		(1,872)	545,453	278,906	(276,754)
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	-
50841	Committed	30,804	1,951,367	1,497,160	426,768
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		30,804	1,951,367	1,497,160	426,768

Stevens County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2020

		410 SOLID WASTE	501 EQUIPMENT RENTAL &	510 INFORMATION SERVICES	520 INSURANCE SERVICE FUND
Beginning Cash and Investments					
308	Beginning Cash and Investments	5,371,464	1,100,646	309,429	149,909
388 / 588	Net Adjustments	(500)	(83,870)	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	58,899	-	-	-
340	Charges for Goods and Services	2,750,941	1,016,510	2,835,167	1,305,154
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	59,806	4,085,791	-	-
Total Revenues:		2,869,646	5,102,301	2,835,167	1,305,154
Expenditures					
510	General Government	-	-	1,969,681	1,287,234
520	Public Safety	-	-	-	-
530	Utilities	2,170,922	-	-	-
540	Transportation	-	2,815,275	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		2,170,922	2,815,275	1,969,681	1,287,234
Excess (Deficiency) Revenues over Expenditures:		698,724	2,287,026	865,486	17,920
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	555	-	-
397	Transfers-In	109,503	-	108,031	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	121,340	68,292	17	-
Total Other Increases in Fund Resources:		230,843	68,847	108,048	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	536,534	1,919,562	1,163,981	-
591-593, 599	Debt Service	141,339	-	-	-
597	Transfers-Out	109,503	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	279,437	82,087	-	21,883
Total Other Decreases in Fund Resources:		1,066,813	2,001,649	1,163,981	21,883
Increase (Decrease) in Cash and Investments:		(137,246)	354,224	(190,447)	(3,963)
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	3,223,820	-	-	-
50841	Committed	2,009,895	1,370,999	118,985	145,947
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		5,233,715	1,370,999	118,985	145,947

The accompanying notes are an integral part of this statement.

Stevens County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2020

		530 HEALTH INSURANCE FUND
		<hr/>
Beginning Cash and Investments		
308	Beginning Cash and Investments	199,413
388 / 588	Net Adjustments	-
Revenues		
310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	-
340	Charges for Goods and Services	-
350	Fines and Penalties	-
360	Miscellaneous Revenues	-
Total Revenues:		<hr/> -
Expenditures		
510	General Government	-
520	Public Safety	-
530	Utilities	-
540	Transportation	-
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		<hr/> -
Excess (Deficiency) Revenues over Expenditures:		-
Other Increases in Fund Resources		
391-393, 596	Debt Proceeds	-
397	Transfers-In	50,000
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	-
Total Other Increases in Fund Resources:		<hr/> 50,000
Other Decreases in Fund Resources		
594-595	Capital Expenditures	-
591-593, 599	Debt Service	-
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	751
Total Other Decreases in Fund Resources:		<hr/> 751
Increase (Decrease) in Cash and Investments:		<hr/> 49,249
Ending Cash and Investments		
50821	Nonspendable	-
50831	Restricted	-
50841	Committed	248,662
50851	Assigned	-
50891	Unassigned	-
Total Ending Cash and Investments		<hr/> 248,662

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, 2020

		Total for All Funds (Memo Only)	Investment Trust	Private-Purpose Trust	Custodial
308	Beginning Cash and Investments	22,936,126	18,755,236	300,633	3,880,257
388 & 588	Net Adjustments	44,970	-	44,970	-
310-390	Additions	148,727,587	6,608,130	4,983,406	137,136,051
510-590	Deductions	139,620,280	-	4,885,422	134,734,858
	Net Increase (Decrease) in Cash and Investments:	9,107,307	6,608,130	97,984	2,401,193
508	Ending Cash and Investments	32,088,426	25,363,366	443,617	6,281,443

The accompanying notes are an integral part of this statement.

STEVENS COUNTY

NOTES TO FINANCIAL STATEMENTS

January 1, 2020 to December 31, 2020

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 Isaac' 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 presented using classifications that are similar to the ending balance classification 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, except for the fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types used:

GOVERNMENTAL FUND TYPES:

General Fund

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

Special Revenue Funds

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

Debt Service Funds

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

Capital Projects Funds

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

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 a custodian on behalf of others.

Investment Trust Funds

These funds are used to report fiduciary activities from the external portion of investment pools and individual investments accounts that are held in trust.

Private-Purpose Trust Funds

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

Custodial 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.

In accordance with 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. Cash and Investments

See Note 5 - Deposits and Investments

D. 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.

E. Compensated Absences

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

Some contracts include a provision that sick leave may be accumulated up to 1200 hours; for those contracts, excess hours must be paid out at 50%, calculated each April. Depending on the different collective bargaining agreements, upon retirement or death, not separation, an employee may be compensated for that leave (ranging from 192 hours to 240 depending on contract). Certain employment contracts for department heads have additional provisions based on the type of termination. Payments are recognized as expenditures when paid.

The County has some employees on Personal Time Off (PTO) or Universal Leave plans. Resolution 66-2018 set the accrual amount with a maximum of 600 hours. If an employee separates employment, the County will payout 50% of their remaining hours up to the maximum of 240 hours. However, if an employee retires according to the Washington Retirement Plan, the County will pay out a maximum of 432 hours.

In 2019 reporting, in acknowledgement of retirement eligibility beginning at age 62 and a growing number of retirements at that age, compensated absences for retirement includes employees approaching 62 years of age, rather than 65. This methodology was used again for this 2020 report.

F. Long-Term Debt

See Note 7– Long Term Debt

G. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted or committed when they are subject to restriction on use imposed by external parties or due to internal commitments established by resolution or ordinance by the Board of County Commissioners. When expenditures that meet restrictions are incurred, Stevens County intends to use the most restricted resources first.

Restrictions and commitments of Ending Cash and Investments.

Current Expense Fund (001-999-010) Restricted Ending Cash and Investments \$50,485 consists of:

State Vessel Registration fees that are dedicated to boating law enforcement that have been received and not spent as of December 2020 in the amount of \$41,580.

WSU Extension Office has been awarded money over several years 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, 2020 is \$8,905.

Other Funds:

Performing Arts & Tourism: (106-999-010) \$173,724 restricted by statute to record use of Lodging tax proceeds.

Crime Victims & Witness Fund: (107-999-010) \$144,811 committed by resolution record court fees dedicated to crime victims and witnesses.

Road Fund: (110-999-010) \$8,749,166 restricted to record road construction and maintenance.

Paths & Trails Fund: (115-999-030) \$307,157 committed by resolution to fund pathways for non-vehicle traffic.

Homelessness Fund: (121-999-010) \$1,147,517 committed by resolution to record document surcharge to relieve homelessness.

N.E.W. Alliance Counseling Services Fund: (122-000-010) \$5,300,533 committed by resolution. The advanced working capital the Department of Social & Health Services in the amount of \$80,091 is restricted by for the statutory requirements for Developmental Disabilities Services.

Very-Low Income Housing Fund: (123-999-010) \$202,973 committed by resolution 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) \$132,203 committed by resolution to require a portion of real property tax revenue be available to assist honorable discharged veterans in need.

Law Library Fund: (125-999010) \$48,403 committed by resolution to maintain library of law reference materials. It is funded by required court fees.

Auditor O&M Fund: (126-999-010) \$56,336 restricted by statute to maintain and preserve county documents. It is funded by recorded document surcharges. In 2019 the County intended to replace the current recording computer system, however the cost was not confirmed and the equipment was not purchased. We expect to purchase the system in 2021.

HAVA 3 Elections Security Fund: (127-999-010) \$70,337 restricted by statute was a new fund in 2020 and is reserved by grant stipulations for Elections Security.

Northeast Washington Fair Fund: (128-999-001) \$57,098 restricted by statute to record state funds for the County's fair.

Treasurer's O&M Fund: (129-999-010) \$62,813 restricted by statute related to property foreclosure and is funded by foreclosure fees.

Weed Control Fund: (130-999-010) \$132,541 committed by resolution to address noxious weed control in the county included in that amount is \$30,000 reserved by budget resolution 122-2019 for vehicle replacement. It is funded by special assessment of property owners.

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

Deer Lake (formed in 2011) (138-999-010)	\$ 73
Deer Lake (formed in 2016) (180-999-010)	\$ 6,041
Little Pend Oreille (formed in 2013) (131-801-010)	\$ 2449
Little Pend Oreille (formed in 2018) (182-999-010)	\$ 24,843
Loon Lake (formed in 2013) (131-802-010)	\$ 63
Loon Lake (formed in 2018) (181-999-010)	<u>\$ 128,583</u>
Total Committed	<u>\$ 162,052</u>

Family Law Court Facilitator Fund: (133-999-010) \$30,683 committed by resolution for child custody resolution. Fees are collected through Superior Court fees and marriage licenses.

Guardian Facilitator Fund: (139-999-010) \$2,540 committed by resolution to facilitate the resolution of guardianship matters. It is funded by required Superior Court fees.

Drug Investigation Fund: (140-999-010) \$91,775 restricted by statute and funded by court fees to combat only drug-related crimes.

State Drug Fund: (141-999-010) \$39,583 restricted by statute to address drug specific crime prevention. It is funded by state proceeds from drug related convictions.

Sheriff Federal Drug: (142-999-010) \$36,843 restricted by statute to address drug specific crime prevention. It is funded by federal proceeds from drug related convictions.

Emergency Communications Fund: (145-999-010): \$534,376 committed to record 911 communications for the County.

Inmate Welfare Fund: (150-999-010) \$33,756 committed by resolution for products and services available to jail inmates.

County Vehicle Replacement Fund: (155-999-010) \$27,013 committed by resolution to manage the replacement of vehicles associated with the County Current Expense fund.

Trial Court Improvement Fund: (160-999-010) \$52,273 committed by resolution 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) \$44,046 restricted by statute 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.

Elections – CARES Fund: (190-999-010) \$59,069 restricted by statute to assist with the additional costs related to holding an election in the midst of the COVID-19 pandemic. The unexpended funds were returned in 2021.

Current Expense G.O. Bond Fund: (201-999-040) \$30,804 is committed by resolution for principle and interest payments on county debt. One of the debts incurred by the County is for a Washington State Department of Fish and Wildlife Fish Hatchery. Each year, the County is credited for fish produced. In 2018, \$7,234 was produced in excess of the \$10,389 due, resulting in a credit for 2018. Likewise, in 2019, \$3,328 was produced above the \$10,389 due. In 2020 \$16,112 was produced above the \$10,389 principal and interest payment. The total current credit towards future payments is \$5,896.07 per Washington State Department of Fish and Wildlife.

Capital Projects Fund: (305-999-010) \$1,951,367 committed by resolution 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) \$1,497,160 committed by resolution 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) \$426,768 committed by resolution for operations and to address capital and vehicle needs of the Ambulance service. Included in that amount is \$150,000 that is reserved by the budget resolution for the purchase of a new ambulance. It is supported by client fees and grants. No County funds are involved.

Solid Waste: (410-999-010 through 413-999-010) \$3,223,820 (Funds 412 & 413) restricted by statute to provide for the closing and post-closure costs of county solid waste landfills. The remaining \$2,009,895 (Fund 410) is reserved for solid waste operations. The transfers in and transfers out are netted in statements in the amount of \$109,503.

The Solid Waste beginning and ending restricted cash include the funds held solely for the closure and post-closure of the current landfill site and their use is restricted solely for those two purposes. The Solid Waste Fund 410, Landfill Closure 412 and Landfill Post Closure 413 have been combined together in the C-4 financial statement. The 2020 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	\$ 2,055,593	\$ 1,189,604	\$ 3,245,197
Investment Income	\$ 24,097	\$ 12,134	\$ 36,231
Loan issued to 911		\$ -240,000	\$ -240,000
Transfers in from S.W.	\$ 48,414	\$ 61,089	\$ 109,503
Loan payment from 911			
Emergency Comm.	<u>\$ 49,419</u>	<u>\$ 23,470</u>	<u>\$ 72,889</u>
Ending Cash	<u>\$2,177,523</u>	<u>\$ 1,046,297</u>	<u>\$ 3,223,820</u>

Equipment Rental & Revolving: (501-999-010) \$1,370,999 committed by resolution to be used as a revolving fund for the purchase, maintenance, and repair of county road department equipment.

Information Systems: (510-999-010) \$118,985 committed by resolution to provide information technology to the County. This internal service fund can also provide services to special purpose districts and other entities as entered into by contract.

Insurance Service (520-999-010) \$ 145,947 committed by resolution is for possible future cost of the county's self-insured unemployment costs.

Health Insurance: (530-999-010) \$ 248,662 committed by resolution for medical insurance payments made from this fund and reimbursed by county funds as prescribed by resolution 71-2016. If this fund dissolves the money will revert back to Current Expense.

NOTE 2 – BUDGET COMPLIANCE

Budgets

The County adopts annual appropriated budgets for all County funds. Annual appropriation 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 budget constitutes the legal authority for expenditures at the level as prescribed by Policy # 3-2017 below.

Except Public Works Funds and New Alliance Counseling Services for whom the Board maintains final management authority over the Department Heads, the County will maintain a budgetary control system to help it adhere to the budget. The budget is reviewed at the line item level and is adopted at the object code level in all remaining departments and funds in the following object codes:

- Salary and Wages (10)
- Overtime (12)
- Personnel Benefits (20's)
- Capital Outlay (60's).
- The Debt Service-Principal (70's), and Debt Service-Interest (80's) are interchangeable.

Elected Officials/Department Heads will have the authority to expend the following object codes: Supplies (30's), Professional Services (40's), Intergovernmental Services (50's), and Non Applicable (9900) as interchangeable.

Any changes from this policy would require Board approval to transfer/use an appropriation from one object code to fund another object code. All changes affecting number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the County's legislative body.

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

New Alliance Counseling Service's budget is adopted at the department level. (Mental Health, Chemical Dependency, Developmental Disabilities, and Evaluation & Treatment Facilities.) The BOCC will receive a monthly report created by NEWACS to review more detailed information.

Solid Waste's budget shows an operating transfer out of \$107,356 that is not reflected in the statements and the Solid Waste closure and post closure funds shows operating transfers in of \$107,356. These funds are rolled up in the statements which eliminate the transfers.

For report on Fund/Department, Final Appropriated, Actual Expenditures and Variance, see Appendix A

Revisions that alter the total expenditures of a fund at the fund object code level, 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. This is accomplished through a budget transfer or a resolution. As such, the County legislative authority approved the following resolutions on the indicated dates:

34-2020 on March 30, 2020

54-2020 on May 18, 2020

67-2020 on July 27, 2020

92-2020 on October 28, 2020

111-2020 on December 31, 2020

NOTE 3 – Component Unit(s), Joint Ventures, and Related Parties

Martin Hall

The Martin Hall Juvenile Rehabilitation Facility “Martin Hall” is a maximum-security juvenile detention center located in Medical Lake, Washington that provides a 63-bed capacity for housing with living areas suitable for both long- and short- term placement of juvenile offenders. Martin Hall was formed through an agreement by the Board of County Commissioners for Adams, Asotin, Douglas, Ferry, Lincoln, Pend Oreille, Spokane, Stevens, and Whitman Counties by way of Resolution No. 170-1995 on November 7th, 1995. This resolution was then repealed and replaced by Resolution No. 1-1996 and adopted on January 2nd, 1996. This Resolution approved and authorized the execution of the Interlocal Juvenile Detention Facility Agreement (Martin Hall) and provided for other related matters.

Governed by a Joint Board, the Board of Directors is known as the Martin Hall Juvenile Rehabilitation Facility Board. The Board is comprised of one representative from among the County Commissioners of each county designated by said County. Regular Board meetings are held monthly at the Martin Hall Juvenile Rehabilitation Facility.

The nine (9) counties’ interest in the facilities, improvements and property comprising Martin Hall, and in any profits/losses are equal to the allocations on a pro rata basis previously set forth in Resolution No. 1-1996. Each county has facility use rights which are a specific number of physical beds places in the housing units in the facility building. Stevens County’s share is 7 beds of the total allocated 27 beds or 25.926%. It takes a unanimous vote of all of the Boards of Commissioners from each of the county members to dissolve this venture and each member county would receive their proportionate share of any funds in excess or cost associated with dissolution. The annual budget is prepared by the Martin Hall Board and each county the votes and approves the final budget annual. The Martin Hall Operating fund (for year ending December 31st, 2020) had a beginning unreserved net cash and investments amount of \$1,313,713 and an ending unreserved net cash and investments amount of \$1,246,810. Lincoln County is the contracted custodian of funds and prepares the financial statements and notes for the facility.

TRI COUNTY ECONOMIC DEVELOPMENT DISTRICT

Stevens County has a representative on the Board of Directors of the Tri County Economic Development District, which is a federally designated economic development district by the US Dept of Commerce- Economic Development Administration. The district serves the counties of Ferry, Pend Oreille and Stevens. Ferry County.

NETCHD

The Northeast Washington Tri-County Health District (NETCHD) was formed by Resolution No. 159-1976 in Stevens County, Washington on November 8th, 1976 following the designation of Stevens County as lead agency by Tri-County Resolution 155-1976 on October 25th, 1976. The original Northeast Tri-County Health District Charter for the Board of Health was signed on January 18th, 1977. Regular Board meetings are held quarterly and meeting locations are rotated through the three (3) counties.

Northeast Washington Tri-County Health District is governed by a nine (9) member board composed of two (2) County Commissioners and one (1) mayor from each of the three (3) counties. NETCHD provides oversight for both environmental and physical health of the Stevens, Ferry, and Pend Oreille Counties. Various beneficial activities and programs are supported by NETCHD; such as, food and water safety, nutrition and wellness courses, the tracking/ prevention/ control of diseases, and others.

Northeast Washington Tri-County Health District's budget is supported by Stevens, Ferry, and Pend Oreille Counties; as well as other programs and grants. NETCHD acts as their own funding agent with fund disbursements handled by Stevens County. The NETCHD board sets the budget annually in December. The allocation of expenses is based on a formula of Tuberculosis and property tax value of each county. Stevens County's portion of the total expenses for 2020 was 21.66%. If the venture were to dissolve, six-month notice is required to retain a prorated portion of the balance of funds and equity. Stevens County direct funding level for 2020 is \$501,146 towards the NETCHD 2020 budget total of 2,472,460.

NOTE 4 – COVID-19 PANDEMIC

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of the deadly new virus known as COVID-19. In the months following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures included closing schools, cancelling public events, limiting public and private gatherings, and restricting business operations, travel and non-essential activities. Many county offices were intermittently closed, by appointment only, and/or staffed with telework arrangements in place.

The length of time these measures will continue to be in place, and the full extent of the financial impact on the County is unknown at this time, however the impact was noteworthy in 2020, and may have ongoing effects.

Coincident with the pandemic, a significant disruption occurred with the County's legislative authority (see Note 12). Guidance on the use of CARES Act funds received by the County also evolved over the latter portion of 2020, yet the deadline for expending those funds was fixed. Taken together (the pandemic, the disruption with the County's legislative authority, and the circumstances surrounding CARES Act funding expenditures), there were minor but noteworthy impacts on County compliance with regard to internal budget policy specific to the final weeks of the 2020 fiscal year. Please see Note 12 below for more information.

NOTE 5 – 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 original cost, per County policy. Investments by type at December 31, 2020 were held as follows:

	C4	C5	Total
	County's Own Investments	Investments held by county as an agent for other local Governments	Total
Type of Investment			
L.G.I.P.	\$ 41,115,052	\$ 25,363,366	\$ 66,478,418
Outside Districts Loans	\$ 535,000	\$ 0	\$ 535,000
U.S. Bank	\$ 3,506,363	\$ 0	\$ 3,506,363
Type of Deposit			
Key Bank	\$ 106,115	\$ 5,787,316	\$ 5,893,431
External Accounts	\$ 0	\$ 443,617	\$ 443,617
Total	\$ 45,262,530	\$ 31,594,299	\$ 76,856,829

The County also had the following adjustments:

Adjustments

Treasurers Trust Fund	-\$ 494,126	\$494,126	\$ 0
Open Period Items	-\$ 3,150,936	\$ 0	-\$ 3,150,936
Outstanding Items	-\$ 3,671,967	\$ 0	-\$ 3,671,967
Open Period Payroll	-\$ 1,971,743	\$ 0	-\$ 1,971,743
Tax overpayments outstanding	-\$ 13,677	\$ 0	-\$ 19,842
Petty Cash	\$ 28,845	\$ 0	\$ 28,845
Outside District Loans	-\$ 535,000	\$ 0	-\$ 535,000
Outstanding Deposits	\$ 41,379	\$ 0	\$ 41,379
Public Works 13 th Month Payroll	-\$ 83,871	\$ 0	-\$ 83,871
Accrued wages	\$ 6,427		
Totals	<u>\$ 35,417,861</u>	<u>\$ 32,088,425</u>	<u>\$ 67,493,694</u>

District Loans are held in the Treasurer's safe. U.S. Bank investments are held in their safekeeping division.

Stevens County is a voluntary participant in the Local Government Investment Pool, an external investment pool operated by the Washington State Treasurer. The pool is not rated and not registered with the SEC. Rather; oversight is provided by the State Finance Committee in accordance with Chapter 43.250 RCW. Investments in the LGIP are reported at amortized cost, which is the same as the value of the pool per share. The LGIP does not impose any restrictions on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone financial report for the pool. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at www.tre.wa.gov.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the County would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The County deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

All investments are insured, registered, or held by the County or its agent in the government's name.

NOTE 6 – INTERFUND LOANS AND ADVANCES

There is an Interfund loan within County Funds that began in 2020 in the amount of \$240,000 from the Landfill Post Closure Fund to the Emergency Communications Fund. The purpose of the loan is to fund the replacement of dispatch equipment. Resolution No. 35-2020.

In 2018, Resolution 64-2018 authorized a non-interest bearing interfund loan for \$200,000 from Current Expense/General Government to Information Services (IS) to assist with cash flow when maintenance contracts will be paid by IS before being reimbursed by the various funds. The loan is to be paid back in three (3) years with one (1) payment due on or before 9/21/2021.

Borrowing Fund	Lending Fund	Balance 1/1/2020	New Loan	Repayment	Balance 12/31/2020
E-911 Comm.	Landfill Closure	\$ 49,419	\$ 0.00	\$ 49,419	\$ 0.00
E-911 Comm.	Landfill Post Closure	\$ 0.00	\$ 240,000	\$ 23,470	\$ 216,530
Information Services	Current Expense	\$ 200,000	\$ _____	\$ 0.00	\$ 200,000

NOTE 7 – LONG-TERM DEBT

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the county and summarizes the County's debt transactions through 12/31/2020. This note does not include the pension liability, compensated absences, Land Fill closure and post closure (See note 12), or the DSHS advance. The debt service requirements for general obligation bonds, revenue bonds and other debt, including both principal and interest, as well as a Copier Lease are as follows:

<u>Year</u>	<u>Debt</u>	<u>Debt</u>	<u>Total</u>
	Principal	Interest	
2021	220,427	27,179	247,606
2022	214,283	25,009	239,292
2023	214,520	22,836	237,356
2024	192,212	18,228	210,438
2025	169,912	13,611	183,523
2025-29	197,551	39,895	237,446
2030-33	99,162	4,805	103,967
Totals	\$1,308,067	\$151,563	\$1,459,629

NOTE 8 – OPEB Plans

The LEOFF 1 Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by the County as required by RCW 41.26. The plan pays for 100% of eligible retiree's healthcare costs on a pay-as-you-go basis. As of December 31, 2020, the plan has three (3) members, all retirees. The total OPEB Liability was \$1,427,324 at December 31, 2020, using the alternative measurement method (Office of the State Actuary).

NOTE 9 – PENSION PLANS

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

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

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

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

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

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

At June 30, 2020 the County's proportionate share of the collective net pension liabilities as reported on the Schedule 09 was as follows. It is important to note that these liabilities are reflective of a retirement age of 62 years old versus last year's annual report reflecting 65-year age of retirement:

	Employer Contributions	Allocations %	Liability (Asset)
PERS 1	\$907,666	0.125239	\$4,421,613
PERS 2/3	1,440,596	0.156377	\$1,999,973
PSERS 2	\$49,244	0.111492	(\$15,341)
LEOFF 1	\$0.00	0.008845	(\$167,039)
LEOFF 2	\$110,406	0.056439	(\$1,151,273)

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 10 - 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 2020 was \$1.499785 per \$1,000 on an assessed valuation of \$4,603,979,783 for a total Current Expense, Mental Health, Disability and Veterans levy of \$6,904,984. This includes a levy shift from Road to Current Expense in the amount of \$500,000.

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

The County road levy for 2020 was \$1.502603 per \$1,000 of an assessed valuation of \$3,823,853,145 for a total Road levy of \$5,745,735. This net amount reflects a levy shift from Road to Current Expense in the amount of \$500,000.

NOTE 11 -RISK MANAGEMENT

General Liability: Stevens County is a member of Washington Rural Counties Insurance Program (WRCIP). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire, or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The program was formed on September 1, 1998, when three counties in the state of Washington joined together by signing an Interlocal Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 1, 2020, there are eight counties in the program.

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

The program acquires re-insurance through their administrator, Clear Risk Solutions. Liability coverage is purchased to an aggregate limit of \$45,000,000 with a self-insured retention (SIR) of \$50,000. Members are responsible for a \$1,000 to \$10,000 deductible for each claim, while the program is responsible for the \$50,000 self-insured retention. Since the program is a cooperative program, there is joint liability among the participating members toward the sharing of the \$50,000 self-insured retention, in addition to the deductible. The program also purchases a Stop Loss Policy as another layer of protection to its membership, with an attachment point of \$602,223.

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

Privacy and Network Liability coverage is offered with a \$10,000 member deductible and \$25,000 self-insured retention. The deductible is part of, and not in addition to, the \$25,000 retention.

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 Agreement is renewed automatically each year.

Even after termination, a member remains responsible for contributions to the program for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Agreement.

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

The program is funded by its member participants and has no employees. Claims are filed by members/brokers with Clear Risk Solutions, who has been contracted to perform program administration, underwriting, claims adjustment, and loss prevention for the program. Fees paid to the third-party administrator under this arrangement for the policy year ending December 1, 2020, were \$1,098,009.

Unemployment Insurance

Stevens County, through the Insurance Service Fund, reimburses the State of Washington for all allowable unemployment claims paid out to eligible former employees. Resolution 122-2019 reinstates a collection of 1% from each department.

NOTE 12 – OTHER DISCLOSURES

The Little Pend Oreille Milfoil and the Loon Lake Milfoil created in 2013 were reported together. These are two separate funds and are reported on Schedule 6 separately and combined on scheduled C4. The county would need to change the fund numbers to have them reported correctly. These lake management districts expired in 2018 for voted assessment collections. This should not be a material issue going forward as only delinquent taxes will be collected until they are closed.

DIFFERENCES IN FUND BALANCES

Ending fund balance in Fund 501 for 2019 included a duplication of a portion of Public Works' 13th month payroll; this difference has been acknowledged and corrected using net adjustments.

Regarding reporting on the C-5 for Fund 621, the ending fund balance for 2019 was incorrectly reported due to an update in reporting methodology. In 2019, outstanding checks and deposits in transit were reflected in ending fund balance. In 2020, the County used a net adjustment to ensure the beginning balance was accurately reported.

Schedule 1 update to beginning balances were affected regarding petty cash. As a county we took a closer look at how we were reporting petty cash because of the transition of annual reporting from Schedule 7 and 11 cash reconciliation to Schedule 6 cash reconciliation for cash-based counties. We found that there was a discrepancy between our software system and how we had been reporting petty cash on the annual report. This was updated and resulted in an increase to the schedule 1 beginning balances to four different funds for a total net increase of \$12,595.

The C-5 was updated this year to reclassify funds for special purpose districts. Prior years had incorrectly classified the Treasurer's trust fund, which contained Sheriff CPL and Fingerprint remittance funds that go to Washington State agencies, as well as Timber Tax funds that are kept in trust for the year as External Investment Pool. These funds have now been correctly classified as Custodial funds.

Stevens County has now added Investment Trust to the C-5 to properly identify the funds that are invested in Washington State LGIP on behalf of the special purpose districts.

BUDGET

Budget Policy #3-2017 was yet still relatively new in 2020 and certain departments/funds exceeded their prescribed budget level. See Note #2. The following funds have exceeded their benefits budgets: Assessor \$2,238, Fair Facilities \$315, Sheriff's Jail \$1,746, Insurance Service \$268 and WSU Extension \$66. In the salaries and wages line, the Child Advocate Program and Juvenile Services departments exceeded their budgets by \$226 and \$320 respectively. Land Services department, Sheriff's Office department and Solid Waste Fund exceeded their non-expenditure budget by \$3,072, \$698 and \$11,336 respectively. The following departments exceeded their Supplies and Professional Services Budgets: Indigent Defense \$189,560, Information Services \$13,889, Insurance Service \$1,435 and Capital Projects \$12,746. The Road Fund exceeded its Road Maintenance budget by \$32,059. The ER&R Fund exceeded its admin budget by \$30,362 and the Sheriff's Ambulance Fund exceeded its capital outlay budget by \$325,527. In all cases, the below referenced disruptions in the county legislative authority had a causal impact on these instances of exceeded budget.

CONTINGENCIES

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.

LITIGATION

Western Rivers Conservancy v. Stevens County This is a case that arose out of a compensating tax issue that occurred in 2017. The county is currently appealing a ruling in the case. The matter is being handled by a contract attorney. If appeal is lost the outcome would be a potential loss of \$189,000. The loss is not covered by insurance.

Benjamin v. Stevens County This is a harassment case by a county employee that occurred in 2018. Plaintiff is possibly appealing a dismissal of the claim. The matter is being handled by the insurance pool. This may be most likely a favorable outcome, unless we lose on appeal to US Supreme Court. Potential loss to county is \$250,000 and would be covered by insurance.

Stevens County V. Travelers Surety and Casualty Company of America; United States Fire Insurance Company; Donald L. Dashiell, Wesley Lewis McCart and Steven Lynn Parker: On February 21, 2019 the Washington State Auditor issued an accountability audit report for Stevens County and found the Commissioners Dashiell, McCart and Parker "made unconstitutional and unlawful gifts of public funds." In the spring of 2019 the Stevens County Prosecutor initiated a lawsuit to retrieve the unconstitutionally gifted public funds. On August 24th 2020, the Superior Court entered an order on summary judgement and the County Commissioners were subsequently ordered to pay the judgement amount and were removed from office for their actions. This created a disruption in continuity of governance.

On October 12th, 2020, Governor Inslee formalized the appointment of the seven remaining elected officials to serve as an interim legislative authority in accordance with RCW 42.14.040 and RCW 43.06.010. This appointment lasted until the certification of the election on November 24, 2020; at this election, two commissioners were elected. Governor Inslee appointed the third commissioner.

For approximately 13 weeks, there was considerable disruption to the functioning of the legislative authority in particular and County operations in general.

The removed County Commissioners appealed both the summary judgement and the costs associated with the suit. These appeals are still pending.

LANDFILL CLOSURE AND POST-CLOSURE ESTIMATES

Based on the engineering firm's estimate, the County has the following liabilities associated with the closure of its landfills. These amounts were updated in 2015 to values determined by CH2MHill and have not been changed as of December 31, 2020, however balances reported previously were incorrectly rounded.

Closure costs of present operating landfill	\$ 10,857,188
Post-closure costs	\$ <u>8,829,590</u>
Total	\$ <u>19,686,778</u>

**Stevens County
Schedule of Liabilities
For the Year Ended December 31, 2020**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
263.56	Copier Leases	6/1/2024	202,974	-	45,105	157,869
263.51	Commissioner's Building	12/1/2033	365,000	-	20,000	345,000
Total General Obligation Debt/Liabilities:			567,974	-	65,105	502,869
Revenue and Other (non G.O.) Debt/Liabilities						
264.40	Other Post-Employment Benefits	12/31/2019	1,469,542	-	42,218	1,427,324
264.30	Pension Liability		6,644,532	-	222,946	6,421,586
259.12	Compensated Absences		1,458,973	-	264,564	1,194,409
263.84	DSHS Advance for DD	12/31/2020	80,091	-	-	80,091
263.22	Landfill Closure		10,800,000	57,188	-	10,857,188
263.22	Landfill Post Closure		9,000,000	-	170,410	8,829,590
263.84	Fish Hatchery	4/12/2033	114,220	-	6,506	107,714
263.88	Public Works Trust Fund	7/1/2025	823,334	-	137,222	686,112
263.92	Ambulance Building	12/1/2021	44,265	-	32,893	11,372
Total Revenue and Other (non G.O.) Debt/Liabilities:			30,434,957	57,188	876,759	29,615,386
Total Liabilities:			31,002,931	57,188	941,864	30,118,255

Stevens County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

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 Washington State Treasurer)	Schools and Roads - Grants to States	10.665	n/a	132,235	-	132,235	-	1,4
	Total Forest Service Schools and Roads Cluster:			132,235	-	132,235	-	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Washington State Department of Commerce)	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	20-62210-013	38,215	-	38,215	-	1,4
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Washington State Department of Commerce)	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	19-62210.013	55,424	-	55,424	-	1,4
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Washington State Department of Commerce)	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	19-62210-013	61,915	-	61,915	-	1,4
Total CFDA 14.228:				155,554	-	155,554	-	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via Washington State Department of Commerce)	Crime Victim Assistance	16.575	F18-31219-411	11,222	-	11,222	-	1,4

The accompanying notes are an integral part of this schedule.

Stevens County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via Rural Resources Community Action)	Crime Victim Assistance	16.575	F19-31219-411	10,420	-	10,420	-	1,4
		Total CFDA 16.575:			21,642	-	21,642	-
		16.588	F19-31103-061	15,829	-	15,829	-	1,4
OFFICE ON VIOLENCE AGAINST WOMEN (OVW), JUSTICE, DEPARTMENT OF (via Washington State Department of Commerce)	Violence Against Women Formula Grants	16.588	F18-31103-062	4,500	-	4,500	-	1,4
		Total CFDA 16.588:			20,329	-	20,329	-
		16.607	2018BUBX1809 4204	-	4,139	4,139	-	1
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Bulletproof Vest Partnership Program	16.607	2019BUBX1909 8734	-	3,779	3,779	-	1
		Total CFDA 16.607:			-	7,918	7,918	-
		Highway Planning and Construction Cluster						
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Treasurer)	Highway Planning and Construction	20.205	STPR-E331 (005)	11,472	-	11,472	-	1,4

The accompanying notes are an integral part of this schedule.

Stevens County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Treasurer)	Highway Planning and Construction	20.205	BRS-F334(002)	1,902	-	1,902	-	1,4
Total Highway Planning and Construction Cluster:				13,374	-	13,374	-	
Highway Safety Cluster								
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Association of Sheriffs and Police Chiefs)	State and Community Highway Safety	20.600	STEV180	4,546	-	4,546	-	1,4
Total Highway Safety Cluster:				4,546	-	4,546	-	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Washington State Department of Commerce)	COVID 19 - Coronavirus Relief Fund	21.019	20-6541C-033	3,410,250	-	3,410,250	1,244,716	1
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Administrative Office of the Courts)	COVID 19 - Coronavirus Relief Fund	21.019	N/A Sup Court	14,086	-	14,086	-	1
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Administrative Office of the Courts)	COVID 19 - Coronavirus Relief Fund	21.019	NA Courtroom Support	20,396	-	20,396	-	1
Total CFDA 21.019:				3,444,732	-	3,444,732	1,244,716	
ELECTION ASSISTANCE COMMISSION, ELECTION ASSISTANCE COMMISSION (via WA Sec of State (CARES Election Grant))	COVID 19 - 2018 HAVA Election Security Grants	90.404	IG 6905	84,047	-	84,047	-	1

The accompanying notes are an integral part of this schedule.

Stevens County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

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		
ELECTION ASSISTANCE COMMISSION, ELECTION ASSISTANCE COMMISSION (via WA Sec of State (Election Security))	2018 HAVA Election Security Grants	90.404	IG-6952	45,641	-	45,641	-	1
				129,688	-	129,688	-	
HEALTH RESOURCES AND SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF	COVID 19 - Provider Relief Fund	93.498	CR- 39974818129	-	249,976	249,976	-	1,4
				-	37,843	37,843	-	1,4
HEALTH RESOURCES AND SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF	Child Support Enforcement	93.563	2110-80609	121,508	-	121,508	-	1,2,3, 4
				166,553	-	166,553	-	
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS)	Child Support Enforcement	93.563	2110-80609	32,961	-	32,961	-	1,2,3, 4
				12,084	-	12,084	-	1,2,3, 4
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS)	Child Support Enforcement	93.563	2110-08609	12,084	-	12,084	-	1,2,3, 4
				166,553	-	166,553	-	

Stevens County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS)	Block Grants for Community Mental Health Services	93.958	20ASO2416	79,007	-	79,007	-	1,4
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	20ASO2416	7,722	-	7,722	-	1,4
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF	COVID 19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	D20-484	-	7,816	7,816	-	1,4
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Dept. Emergency Management Division)	Hazard Mitigation Grant	97.039	D20-008 5108-1 -P Emer Man	12,355	-	12,355	-	1,4
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Dept. Emergency Management Division)	Hazard Mitigation Grant	97.039	D20-009 5103-1 -P Emer Man	18,533	-	18,533	-	1,4
Total CFDA 97.039:				30,888	-	30,888	-	

The accompanying notes are an integral part of this schedule.

Stevens County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Dept. Emergency Management Division)	Emergency Management Performance Grants	97.042	E20-158 001- 255	25,094	-	25,094	-	1,4
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Dept.)	Homeland Security Grant Program	97.067	E20-098 001- 400	75,193	-	75,193	-	1,4
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Dept.)	Homeland Security Grant Program	97.067	E18-179 Sher OSPG 2017	226	-	226	-	1,4
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Spokane County)	Homeland Security Grant Program	97.067	E19-114 EMER MAN	4,000	-	4,000	-	1,4
Total CFDA 97.067:				79,419	-	79,419	-	
Total Federal Awards Expended:				4,310,783	303,553	4,614,336	1,244,716	

The accompanying notes are an integral part of this schedule.

Stevens County

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

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 – Federal De Minimis Indirect Cost Rate

The County did not elect to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance during 2020.

Note 3 – Federal Indirect Cost Rate(s)

The amount expended includes \$3475.00 claimed as an indirect cost recovery using an approved indirect cost rate of 7.73 percent.

Note 4 – Program Costs

The amounts shown as current year expenditures represent only the federal grant portion of the 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 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.

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We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

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