



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Ferry County

For the period January 1, 2022 through December 31, 2022

Published December 28, 2023

Report No. 1033799



Scan to see another great way
we're helping advance
#GoodGovernment



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

December 28, 2023

Board of Commissioners
Ferry County
Republic, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on Ferry 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

Americans with Disabilities

In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at webmaster@sao.wa.gov.

TABLE OF CONTENTS

Schedule of Findings and Questioned Costs.....	4
Schedule of Federal Award Findings and Questioned Costs.....	6
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	12
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance With the Uniform Guidance	15
Independent Auditor's Report on the Financial Statements.....	19
Financial Section.....	23
Corrective Action Plan for Findings Reported Under Uniform Guidance	51
About the State Auditor's Office.....	53

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Ferry County January 1, 2022 through December 31, 2022

SECTION I – SUMMARY OF AUDITOR’S RESULTS

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

Financial Statements

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

Internal Control over Financial Reporting:

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

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

Federal Awards

Internal Control over Major Programs:

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

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

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

Identification of Major Federal Programs

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

<u>ALN</u>	<u>Program or Cluster Title</u>
20.205	Highway Planning and Construction Cluster – Highway Planning and Construction
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

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

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

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

See Findings 2022-001 and 2022-002.

SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Ferry County January 1, 2022 through December 31, 2022

2022-001 The County's internal controls were inadequate for ensuring compliance with federal suspension and debarment requirements.

Assistance Listing Number and Title:	21.027, COVID 19 – Coronavirus State and Local Fiscal Recovery Funds
Federal Grantor Name:	U.S. Department of the Treasury
Federal Award/Contract Number:	N/A
Pass-through Entity Name:	N/A
Pass-through Award/Contract Number:	N/A
Known Questioned Cost Amount:	\$0
Prior Year Audit Finding:	N/A

Description of Condition

The purpose of the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program is to respond to the COVID-19 pandemic's negative effects on public health and the economy, provide premium pay to essential workers during the pandemic, provide government services to the extent COVID-19 caused a reduction in revenues collected, and make necessary investments in water, sewer, or broadband infrastructure. In 2022, the County spent \$1,481,455 in program funds.

Federal regulations require recipients to establish and follow internal controls that ensure compliance with program requirements. These controls include understanding program requirements and monitoring the effectiveness of established controls.

Federal requirements prohibit recipients from contracting with or purchasing from parties suspended or debarred from doing business with the federal government. Whenever the County enters into contracts or purchases goods or services that it expects to equal or exceed \$25,000, paid all or in part with federal funds, it must verify the contractors have not been suspended, debarred or otherwise excluded.

The County may accomplish this verification by collecting a written certification from the contractor, adding a clause or condition into the contract that states the contractor is not suspended or debarred, or checking for exclusion records in the U.S. General Services Administration's System for Award Management at SAM.gov. The County must perform this verification before entering into the contract, and it must maintain documentation demonstrating compliance with this federal requirement.

Our audit found the County's controls were ineffective for ensuring that it verified the suspension and debarment status of contractors receiving \$25,000 or more, all or in part with federal funds. The County did not obtain a written certification, include a clause in the contract, or search for exclusion records in SAM.gov to verify that one contractor subject to this requirement was not suspended or debarred before entering into the contract or charging costs to the federal award. The County paid this contractor \$33,832 in fiscal year 2022.

We consider this deficiency in internal controls to be a material weakness that led to material noncompliance.

Cause of Condition

County staff responsible for the purchase was not aware of the federal requirements for suspension and debarment. Also, the County does not have a formal, centralized process to ensure a contractor's suspension and debarment status is verified before entering into a covered transaction.

Effect of Condition

Without this verification, the County increases its risk of providing federal funds to contractors that are excluded from participating in federal programs. Any payments made to an ineligible party would be unallowable, and the federal grantor could potentially recover them.

We subsequently verified the contractor was not suspended and debarred, so we are not questioning costs.

Recommendation

We recommend the County establish internal controls to verify all contractors it expects to pay \$25,000 or more, all or in part with federal funds, are not suspended or debarred from participating in federal programs.

County's Response

Although the County's procurement policy addresses suspension and debarment requirements, staff handling the State and Local Fiscal Recovery Funds program did not have a thorough understanding of federal procurement requirements.

The County will ensure that staff responsible for federal programs are trained on suspension and debarment requirements, and have a thorough understanding of the County's procurement policy.

Auditor's Remarks

We appreciate the County's commitment to resolving the issues noted and will follow up during the next audit.

Applicable Laws and Regulations

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

Title 2 CFR Part 200, Uniform Guidance, section 303, Internal controls, describes the requirements for auditees to maintain internal controls over federal programs and comply with federal program requirements.

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

Title 2 CFR Part 180, OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement), establishes nonprocurement debarment and suspension regulations implementing Executive Orders 12549 and 12689.

SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Ferry County January 1, 2022 through December 31, 2022

2022-002 The County charged costs to the Coronavirus State and Local Fiscal Recovery Funds program that did not comply with federal regulations.

Assistance Listing Number and Title:	21.027, COVID 19 – Coronavirus State and Local Fiscal Recovery Funds
Federal Grantor Name:	U.S. Department of the Treasury
Federal Award/Contract Number:	N/A
Pass-through Entity Name:	N/A
Pass-through Award/Contract Number:	N/A
Known Questioned Cost Amount:	\$25,259
Prior Year Audit Finding:	N/A

Description of Condition

The purpose of the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program is to respond to the COVID-19 pandemic's negative effects on public health and the economy, provide premium pay to essential workers during the pandemic, provide government services to the extent COVID-19 caused a reduction in revenues collected, and make necessary investments in water, sewer, or broadband infrastructure. In 2022, the County spent \$1,481,455 in program funds.

Federal regulations authorize recipients to award SLFRF funds to people or entities who experienced the negative economic or health-related effects of the pandemic. However, these regulations restrict recipients from using program funds to pay principal or interest on outstanding debt because debt service costs do not constitute the provision of services to constituents.

Our audit found the County's internal controls were adequate for ensuring it materially complied with the program's allowable activities and allowable costs requirements. However, we found the County awarded program funds to another local government to pay for its debt service costs, which is not an allowable expense.

Cause of Condition

County staff were not aware program funds could not be used for debt service costs.

Effect of Condition and Questioned Costs

The County provided \$30,000 in program funds to another local government, which used \$25,259 of it to pay debt service costs. This does not constitute an authorized use of program funds, so we are questioning these costs.

Federal regulations require the State Auditor's Office to report known questioned costs that are greater than \$25,000 for each type of compliance requirement. We question costs when we find the County has not complied with grant regulations and/or when it does not have adequate documentation to support expenditures.

Recommendation

We recommend the County only spend program funds on eligible costs.

County's Response

The County will establish procedures to verify eligibility of program costs by requiring proof of eligibility be attached to grant fund expense vouchers when submitted to the auditor's office for processing.

Auditor's Remarks

We appreciate the County's commitment to resolving the issues noted and will follow up during the next audit.

Applicable Laws and Regulations

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

Title 2 CFR Part 200, Uniform Guidance, section 303, Internal controls, describes the requirements for auditees to maintain internal controls over federal programs and comply with federal program requirements.

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

Title 31 CFR Part 35, Pandemic Relief Programs, section 35.6, establishes eligible uses.

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*

Ferry County January 1, 2022 through December 31, 2022

Board of Commissioners
Ferry County
Republic, 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 Ferry County, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's financial statements, and have issued our report thereon dated December 6, 2023.

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.

REPORT ON 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) as a basis for designing 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 above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

We noted certain other matters that we will report to the management of the County in a separate letter dated December 11, 2023.

REPORT ON 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 its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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

December 6, 2023

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

Ferry County January 1, 2022 through December 31, 2022

Board of Commissioners
Ferry County
Republic, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the compliance of Ferry County, with the types of compliance requirements identified as subject to audit 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, 2022. The County's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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)* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

Performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the County's internal control over compliance. Accordingly, no such opinion is expressed; and

- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Findings 2022-001 and 2022-002. Our opinion on each major federal program is not modified with respect to these matters.

We also noted certain matters related to compliance that we will report to the management of the County in a separate letter dated December 11, 2023.

County's Response to Findings

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

REPORT ON 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 audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified.

However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2022-001 that we consider to be a material weakness.

In addition, we noted certain other matters that we will report to the management of the County in a separate letter dated December 11, 2023.

County's Response to Findings

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

Purpose of this Report

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

A handwritten signature in black ink, appearing to read "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

December 6, 2023

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Ferry County January 1, 2022 through December 31, 2022

Board of Commissioners
Ferry County
Republic, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of Ferry County, as of and for the year ended December 31, 2022, and the related notes to the financial statements, as listed in the financial section of our report.

Unmodified Opinion on the Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, the County has prepared these financial statements to meet the financial reporting requirements of state law and 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 accompanying financial statements referred to above present fairly, in all material respects, the cash and investments of Ferry County, and its changes in cash and investments, for the year ended December 31, 2022, on the basis of accounting described in Note 1.

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 Ferry County, as of December 31, 2022, or the changes in financial position or cash flows thereof for the year then ended, because of the significance of the matter discussed below.

Basis for Unmodified and Adverse Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit unmodified and adverse opinions.

Matter Giving Rise to 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. As described in Note 1 of the financial statements, the financial statements are prepared by the County in accordance with state law using accounting practices prescribed by the BARS Manual, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management 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 BARS Manual 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and

Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time; and
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County's financial statements. The accompanying 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 as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2023 on our consideration of the County's internal control over financial reporting and on the 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 the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

Pat McCarthy, State Auditor

Olympia, WA

December 6, 2023

FINANCIAL SECTION

Ferry County January 1, 2022 through December 31, 2022

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2022
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2022
Notes to Financial Statements – 2022

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2022
Schedule of Expenditures of Federal Awards – 2022
Notes to the Schedule of Expenditures of Federal Awards – 2022

Ferry County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		Total for All Funds (Memo Only)	001 Current Expense	101 County Road	102 Drug Abuse
Beginning Cash and Investments					
308	Beginning Cash and Investments	7,988,558	3,763,525	486,907	9,827
388 / 588	Net Adjustments	2,694	(2,832)	2,694	-
Revenues					
310	Taxes	5,016,571	3,374,573	1,109,683	-
320	Licenses and Permits	63,224	57,844	5,380	-
330	Intergovernmental Revenues	11,572,297	5,529,081	4,896,981	-
340	Charges for Goods and Services	5,265,404	855,444	63,193	-
350	Fines and Penalties	54,854	54,120	-	713
360	Miscellaneous Revenues	730,913	375,184	680	46,203
Total Revenues:		22,703,263	10,246,246	6,075,917	46,916
Expenditures					
510	General Government	5,380,215	3,397,266	183,073	-
520	Public Safety	2,753,752	2,092,667	-	-
530	Utilities	410,928	-	-	-
540	Transportation	4,466,851	20,155	3,156,349	-
550	Natural/Economic Environment	664,297	221,246	-	-
560	Social Services	119,508	85,639	-	-
570	Culture and Recreation	492,160	208,992	-	-
Total Expenditures:		14,287,711	6,025,965	3,339,422	-
Excess (Deficiency) Revenues over Expenditures:		8,415,552	4,220,281	2,736,495	46,916
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	577,169	1,000	46,488	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	1,427,795	291,515	830,347	-
Total Other Increases in Fund Resources:		2,004,964	292,515	876,835	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	3,756,424	448,462	2,464,684	-
591-593, 599	Debt Service	75,406	25,247	-	-
597	Transfers-Out	577,169	576,169	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	1,587,596	255,165	823,649	-
Total Other Decreases in Fund Resources:		5,996,595	1,305,043	3,288,333	-
Increase (Decrease) in Cash and Investments:		4,423,921	3,207,753	324,997	46,916
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	6,043,721	2,208,421	814,602	56,743
50841	Committed	13,713	-	-	-
50851	Assigned	2,850,229	1,252,502	-	-
50891	Unassigned	3,507,536	3,507,536	-	-
Total Ending Cash and Investments		12,415,199	6,968,459	814,602	56,743

The accompanying notes are an integral part of this statement.

Ferry County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		103 Community Services	104 County Fair	107 Treasurer's O & M	108 Auditor's O & M
Beginning Cash and Investments					
308	Beginning Cash and Investments	546	157,954	94,222	119,582
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	20,939	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	1,011	327,139	-	52,117
340	Charges for Goods and Services	-	129,849	2,266	5,119
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	84,792	-	1,848
Total Revenues:		21,950	541,780	2,266	59,084
Expenditures					
510	General Government	-	-	2,420	38,179
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	257,070	-	-
Total Expenditures:		-	257,070	2,420	38,179
Excess (Deficiency) Revenues over Expenditures:		21,950	284,710	(154)	20,905
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	596
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	6,283	-	-
Total Other Increases in Fund Resources:		-	6,283	-	596
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	223,029	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	21,787	6,283	-	(269)
Total Other Decreases in Fund Resources:		21,787	229,312	-	(269)
Increase (Decrease) in Cash and Investments:		163	61,681	(154)	21,770
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	708	-	94,068	141,352
50841	Committed	-	-	-	-
50851	Assigned	-	219,637	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		708	219,637	94,068	141,352

The accompanying notes are an integral part of this statement.

Ferry County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		109 Veteran's Relief	110 Enhanced 911	111 MHCD	112 Boating Safety VRF
Beginning Cash and Investments					
308	Beginning Cash and Investments	77,928	83,066	97,284	23,360
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	14,239	67,063	133,391	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	80	687,687	1,194	7,992
340	Charges for Goods and Services	-	42,775	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	850	165	-	-
Total Revenues:		15,169	797,690	134,585	7,992
Expenditures					
510	General Government	-	-	1,379	-
520	Public Safety	-	661,085	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	14,268	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		14,268	661,085	1,379	-
Excess (Deficiency) Revenues over Expenditures:		901	136,605	133,206	7,992
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	1,205	17,152	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	247,063	-	-
Total Other Increases in Fund Resources:		1,205	264,215	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	150,094	-	6,524
591-593, 599	Debt Service	-	93	-	-
597	Transfers-Out	-	1,000	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	246,825	-	-
Total Other Decreases in Fund Resources:		-	398,012	-	6,524
Increase (Decrease) in Cash and Investments:		2,106	2,808	133,206	1,468
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	80,033	-	230,491	24,829
50841	Committed	-	-	-	-
50851	Assigned	-	85,875	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		80,033	85,875	230,491	24,829

The accompanying notes are an integral part of this statement.

Ferry County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		114 Court Facilitator	117 Title III	118 Affordable Housing For All	119 Home Security Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	6,064	329,931	74,818	438,779
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	26,986	-	-
340	Charges for Goods and Services	790	-	11,021	69,439
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	-	-	-
Total Revenues:		790	26,986	11,021	69,439
Expenditures					
510	General Government	700	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	19,601
570	Culture and Recreation	-	-	-	-
Total Expenditures:		700	-	-	19,601
Excess (Deficiency) Revenues over Expenditures:		90	26,986	11,021	49,838
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:		90	26,986	11,021	49,838
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	6,154	356,916	85,839	488,617
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		6,154	356,916	85,839	488,617

The accompanying notes are an integral part of this statement.

Ferry County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		122 Clerks Collections Fund	123 Domestic Violence Pen Assess	124 Recreation Fund	125 Law Library
Beginning Cash and Investments					
308	Beginning Cash and Investments	3,928	262	62,486	7,399
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	344	-	1,230	-
340	Charges for Goods and Services	-	114	-	1,376
350	Fines and Penalties	-	21	-	-
360	Miscellaneous Revenues	-	-	-	-
Total Revenues:		344	135	1,230	1,376
Expenditures					
510	General Government	841	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	11,973	-
Total Expenditures:		841	-	11,973	-
Excess (Deficiency) Revenues over Expenditures:		(497)	135	(10,743)	1,376
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	-	-	41,111	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	262	-	-
Total Other Decreases in Fund Resources:		-	262	41,111	-
Increase (Decrease) in Cash and Investments:		(497)	(127)	(51,854)	1,376
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	3,431	135	10,632	-
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	8,775
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		3,431	135	10,632	8,775

The accompanying notes are an integral part of this statement.

Ferry County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		126 Crime Victims	129 Weed Control	130 Tourism	131 Trial Court Improvement
Beginning Cash and Investments					
308	Beginning Cash and Investments	31,054	132,673	300,145	64,364
388 / 588	Net Adjustments	-	-	-	2,832
Revenues					
310	Taxes	-	-	44,002	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	21,289	-	10,434
340	Charges for Goods and Services	5,027	136,680	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	123,618	3,571	-
Total Revenues:		5,027	281,587	47,573	10,434
Expenditures					
510	General Government	5,932	-	-	413
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	309,530	21,641	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	14,125	-
Total Expenditures:		5,932	309,530	35,766	413
Excess (Deficiency) Revenues over Expenditures:		(905)	(27,943)	11,807	10,021
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	2,384	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	2,384	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	43,455	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	558	-	-
Total Other Decreases in Fund Resources:		-	44,013	-	-
Increase (Decrease) in Cash and Investments:		(905)	(69,572)	11,807	10,021
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	30,150	63,099	130,450	77,217
50841	Committed	-	-	-	-
50851	Assigned	-	-	181,504	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		30,150	63,099	311,954	77,217

The accompanying notes are an integral part of this statement.

Ferry County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		132 Taxsifter	140 REET Property Tax Admin Assist	307 Distressed Area Cap	308 County Capital Improvement
Beginning Cash and Investments					
308	Beginning Cash and Investments	217	80,808	593,504	420,359
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	120,967	131,714
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	8,732	-	-
340	Charges for Goods and Services	-	1,630	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	2,125	-	-	38
Total Revenues:		2,125	10,362	120,967	131,752
Expenditures					
510	General Government	1,900	5,855	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	111,880	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		1,900	5,855	111,880	-
Excess (Deficiency) Revenues over Expenditures:		225	4,507	9,087	131,752
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	3,576	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	3,576	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	98,803
591-593, 599	Debt Service	-	-	5,400	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	-	5,400	98,803
Increase (Decrease) in Cash and Investments:		225	4,507	7,263	32,949
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	442	85,315	600,768	453,309
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		442	85,315	600,768	453,309

The accompanying notes are an integral part of this statement.

Ferry County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		401 Solid Waste	501 EQUIPMENT RENTAL &	502 Management Info Systems	503 Insurance Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	23,848	277,643	32,240	8,254
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	393,723	1,626,567	232,319	855,078
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	36,109	112	136	66
Total Revenues:		429,832	1,626,679	232,455	855,144
Expenditures					
510	General Government	-	-	230,729	847,072
520	Public Safety	-	-	-	-
530	Utilities	410,928	-	-	-
540	Transportation	-	1,290,347	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		410,928	1,290,347	230,729	847,072
Excess (Deficiency) Revenues over Expenditures:		18,904	336,332	1,726	8,072
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	3,576	1,192
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	52,567	20	-
Total Other Increases in Fund Resources:		-	52,567	3,596	1,192
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	280,262	-	-
591-593, 599	Debt Service	6,125	37,302	-	1,239
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	22,915	210,421	-	-
Total Other Decreases in Fund Resources:		29,040	527,985	-	1,239
Increase (Decrease) in Cash and Investments:		(10,136)	(139,086)	5,322	8,025
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	-
50841	Committed	13,713	-	-	-
50851	Assigned	-	138,559	37,563	16,279
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		13,713	138,559	37,563	16,279

The accompanying notes are an integral part of this statement.

Ferry County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		505 Employee Self Insurance
		<hr/>
Beginning Cash and Investments		
308	Beginning Cash and Investments	185,581
388 / 588	Net Adjustments	-
Revenues		
310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	-
340	Charges for Goods and Services	832,994
350	Fines and Penalties	-
360	Miscellaneous Revenues	55,416
Total Revenues:		<hr/> 888,410
Expenditures		
510	General Government	664,456
520	Public Safety	-
530	Utilities	-
540	Transportation	-
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		<hr/> 664,456
Excess (Deficiency) Revenues over Expenditures:		<hr/> 223,954
Other Increases in Fund Resources		
391-393, 596	Debt Proceeds	-
397	Transfers-In	500,000
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	-
Total Other Increases in Fund Resources:		<hr/> 500,000
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:		<hr/> -
Increase (Decrease) in Cash and Investments:		<hr/> 723,954
Ending Cash and Investments		
50821	Nonspendable	-
50831	Restricted	-
50841	Committed	-
50851	Assigned	909,535
50891	Unassigned	-
Total Ending Cash and Investments		<hr/> 909,535

The accompanying notes are an integral part of this statement.

Ferry County
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		Total for All Funds (Memo Only)	Custodial	External Investment Pool Fund
308	Beginning Cash and Investments	15,803,426	3,265,928	12,537,498
388 & 588	Net Adjustments	-	-	-
310-390	Additions	168,118,926	104,910,817	63,208,109
510-590	Deductions	175,069,584	104,067,004	71,002,580
	Net Increase (Decrease) in Cash and Investments:	(6,950,658)	843,813	(7,794,471)
508	Ending Cash and Investments	8,852,782	4,109,755	4,743,027

The accompanying notes are an integral part of this statement.

FERRY COUNTY WASHINGTON

NOTES TO FINANCIAL STATEMENTS JANUARY 1, 2022 TO DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Ferry County, Washington was incorporated on February 21, 1899 and operates under the laws of the State of Washington applicable to a seventh-class county with a commissioner form of government. Ferry County is a general-purpose government and provides public safety, road improvements, judicial administration, health and social services, and general administration services. In addition, the county owns and operates an airport and owns a fairground.

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

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

A. Fund Accounting

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

GOVERNMENTAL FUND TYPES:

General (Current Expense) Fund (001)

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 (100 Series)

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

Capital Projects Funds (300 Series)

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 (400 Series)

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

Internal Service Funds (500 Series)

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

FIDUCIARY FUND TYPES:

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

Custodial Funds (600 Series)

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

B. Basis of Accounting and Measurement Focus

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

C. Cash and Investments

See Note 6, Deposits and Investments.

D. Capital Assets

Capital assets are long lived assets with an initial individual cost of more than \$5000.00 and an estimated useful life in excess of a year. The capital assets of the county are recorded as expenditures when purchased.

E. Compensated Absences

The maximum number of annual leave hours that may be carried over to the next calendar year is 240 hours. In cases where County operations have made it impractical for an employee to use annual leave, the Department Head may authorize additional accruals. Employees will be paid for unused annual leave upon separation of employment.

Sick leave may be accumulated up to 720 hours except for those under the bargaining unit and they can accumulate up to 840 hours. Sick leave is payable for those employees who retire after 20 years of employment. They may receive a lump sum payment of 25% of unused sick leave up to a maximum of 180 hours except for those under the bargaining unit. A member of the bargaining unit who terminates after a minimum of 10 years employment will receive a lump sum payment of 25% of any accrued but unused sick leave up to a maximum of 210 hours, after 15 years 33% up to 277 hours and after 20 years 50% up to 420 hours. Payments are recognized as expenditures when paid.

F. Long-Term Debt

See Note 4 Debt Service Requirements.

G. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by resolution or ordinance. When expenditures that meet restrictions are incurred the County intends to use the most restricted resources first before

using unrestricted amounts.

Restrictions and Commitments of Ending Cash and Investments consist of:

Fund #	Fund Name	Reason for Restriction/Commitment	Total
1	Current Expense	Renovation and operation of merry-go-round (Fund 105 - \$15,480), Operation of commissary service and prisoner welfare (Fund 116 - \$11,041), LATCF Grant Funds (Fund 113 - \$2,181,900)	\$ 2,208,421
101	County Road	Construction, alteration, repair, improvement, or maintenance of county roads (RCW 36.82)	\$ 814,602
102	Drug Abuse	Payment of all proper expenses of the investigation leading to the seizure of money or property from an investigation of controlled substance law violations (RCW 60.50), including seizure, prosecution, court costs etc.	\$ 56,743
103	Community Services	Coordination and provision of community services for persons with developmental disabilities or mental health services	\$ 708
107	Treasurer's O&M	Recovering costs associated with foreclosure, distraint, and sale of property for delinquent taxes (RCW 84.56.020)	\$ 94,068
108	Auditor's O&M	Ongoing preservations of historical documents of all county offices and departments (RCW 36.22.170)	\$ 141,352
109	Veteran's Assistance	Relief of indigent veterans, their families, and the families of deceased indigent veterans (RCW 73.08)	\$ 80,033
111	Mental Health Chemical Dependency	Operation or delivery of new or expanded chemical dependency or mental health treatment programs and therapeutic court programs and services (RCW 82.14.460)	\$ 230,491
112	Boating Safety	Marine safety and law enforcement programs (RCW 88.02.650)	\$ 24,829
114	Court Facilitator	Basic services to parties of court proceedings who are involved in family law litigation and who do not have an attorney (RCW 26.12.240)	\$ 6,154
117	Title III	Certain projects related to wildland fire and emergency services on Federal lands	\$ 356,916
118	Affordable Housing	Eligible housing activities (RCW 36.22.178)	\$ 85,839
119	Home Security	Acquisition, construction, or rehabilitation of housing projects for very low-income persons in accordance with our ten-year plan (RCW 36.22.179)	\$ 488,617
122	Clerks Collection	Collection of Legal Financial Obligations (ESSB 5900)	\$ 3,431
123	Domestic Violence Penalty Assessment	Domestic Violence advocacy, prevention, and prosecution programs	\$ 135

124	Recreation Fund	Renewing areas for recreational opportunities. Currently used for grant funds restricted to grant-approved uses	\$ 10,632
126	Crime Victims	Support of comprehensive victim and witness program (RCW 07.68.035(4))	\$ 30,150
129	Weed Control	Controlling noxious weeds (RCW 17.04)	\$ 63,099
130	Tourism	Capital and operating programs that promote tourism (RCW 67.28.180)	\$ 130,450
131	Trial Court Program	Improvements to superior and district court staffing, programs, facilities, or services (RCW 43.08.250, Resolution 2005-25)	\$ 77,217
132	Taxsifter	Donations for the upgrades and maintenance of the taxsifter program	\$ 442
140	REET Property Tax Administration	Maintenance and operation of an annual revaluation system for property tax valuation and an electronic processing and reporting system for real estate excise tax affidavits (RCW 82.45.180(5))	\$ 85,315
307	Distressed Area	Financing public facilities serving economic development purposes in rural counties and finance personnel in economic development offices (RCW 82.14)	\$ 600,768
308	County Capital Improvement	Capital improvements in the capital improvements plan (RCW 82.46.010)	\$ 453,309
401	Solid Waste	Solid Waste operations	\$ 13,713

NOTE 2 – BUDGET COMPLIANCE

The County adopts annual appropriated budgets for the General, Affordable Housing for All, Airport, Auditor's O & M, Boating Safety, Clerks Collection, Community Services, Connections Shelter Replacement Reserve, Conservation, County Capital Improvement, County Road, Court facilitator, Crime victims, Cumulative Reserve, Designated Medical Trust, Distressed Area, Domestic Violence Penalty & Assessment, Drug Abuse, Enhanced 911, Equipment Rental & Revolving, Fair, Fair Grounds, Hazard Mitigation, Home Security, Inmate Welfare, Insurance, Law Library, Leased County Property, Management Information Systems, Merry Go Round, Mental Health Chemical Dependency, North East Washington Counties, Recreation, REET Property Tax Admin Asst, Sheriff's Clothing Revolving, Sheriff's Uniform/Clothing, Solid Waste, Solid Waste, Taxsifter, Title III, Tourism, Trail Reserve, Treasurers O & M, Trial Court Improvement, Veterans Relief, and Weed Control funds. These budgets are adopted at the fund level (except for continuing grant budgets which are for information only as they can only expend the amount they receive.). The budgets constitute the legal authority for expenditures at that level. Annual appropriations for general, special revenue, and proprietary funds lapse at year end.

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

Fund	Department	Final Appropriated Amounts	Actual Expenses	Variance
001	Current Expense	\$ 7,850,830.42	\$ 6,694,140.21	\$ 1,156,690.21
001	Merry-go-round	\$ 17,750.00	\$ 1,847.22	\$ 15,902.78
001	Grant Fund	\$ 1,481,455.00	\$ 176,023.43	\$ 1,305,431.57

001	Inmate Welfare	\$ 11,800.00	\$ 5,593.34	\$ 6,206.66
001	Leased County Property	\$ 12,344.00	\$ 2,572.72	\$ 9,771.28
001	Cumulative Reserve	\$ 65,000.00	\$ -	\$ 65,000.00
001	Conservation	\$ 980,691.34	\$ 247,063.28	\$ 733,628.06
001	Fair Grounds Management	\$ 102,592.60	\$ 101,189.08	\$ 1,403.52
001	Sherriff's Uniform/Clothing	\$ 16,434.22	\$ 4,653.14	\$ 11,781.08
001	Sherriff's Clothing Revolving	\$ 10,655.89	\$ 1,117.77	\$ 9,538.12
001	NEWC	\$ 500.00	\$ -	\$ 500.00
001	Airport	\$ 530,380.84	\$ 96,807.81	\$ 433,573.03
001	Large Format Copier	\$ 604.55	\$ -	\$ 604.55
001	Total 001 - Current Expense	\$ 11,081,038.86	\$ 7,331,008.00	\$ 3,750,030.68
101	County Road	\$ 9,705,640.15	\$ 6,627,753.12	\$ 3,077,887.03
101	Trail Reserve	\$ 5,000.00	\$ 424.56	\$ 4,575.44
101	Total 101 - County Road	\$ 9,710,640.15	\$ 6,628,177.68	\$ 3,082,462.47
102	Drug Abuse	\$ 2,000.00	\$ -	\$ 2,000.00
103	Community Services	\$ 26,196.00	\$ 21,787.30	\$ 4,408.70
104	County Fair	\$ 460,735.00	\$ 486,380.07	\$ (25,645.07)
107	Treasurer's O&M	\$ 16,450.00	\$ 2,420.23	\$ 14,029.77
108	Auditor's O&M	\$ 71,005.73	\$ 37,909.60	\$ 33,096.13
109	Veteran's Relief	\$ 20,655.00	\$ 14,268.12	\$ 6,386.88
110	Enhanced 911	\$ 1,379,238.82	\$ 1,059,097.46	\$ 320,141.36
111	MHCD	\$ 173,500.00	\$ 1,378.13	\$ 172,121.87
112	Boating Safety VRF	\$ 12,400.00	\$ 6,523.68	\$ 5,876.32
114	Court Facilitator	\$ 1,400.00	\$ 700.00	\$ 700.00
117	Title III	\$ 233,779.00	\$ -	\$ 233,779.00
118	Affordable Housing For All	\$ 14,300.00	\$ -	\$ 14,300.00
119	Home Security Fund	\$ 60,000.00	\$ 19,600.79	\$ 40,399.21
122	Clerks Collections Fund	\$ 1,200.00	\$ 841.14	\$ 358.86
123	Domestic Violence Pen Assess	\$ 550.00	\$ 262.20	\$ 287.80
124	Recreation Fund	\$ 349,369.83	\$ 53,083.59	\$ 296,286.24
125	Law Library	\$ 6,581.98	\$ -	\$ 6,581.98
126	Crime Victims	\$ 16,250.50	\$ 5,931.43	\$ 10,319.07
129	Weed Control	\$ 422,688.00	\$ 353,545.01	\$ 69,142.99
130	Tourism	\$ 367,551.50	\$ 35,764.48	\$ 331,787.02
131	Trial Court Improvement	\$ 17,000.00	\$ 412.54	\$ 16,587.46
132	Taxsifter	\$ 3,475.00	\$ 1,900.00	\$ 1,575.00
140	REET Property Tax Admin	\$ 10,000.00	\$ 5,855.33	\$ 4,144.67
307	Distressed Area Cap	\$ 138,252.08	\$ 117,279.81	\$ 20,972.27
308	County Capital Improvement	\$ 425,000.00	\$ 98,802.41	\$ 326,197.59
401	Solid Waste	\$ 504,505.20	\$ 439,966.99	\$ 64,538.21

501	Equipment Rental & Revolving	\$ 2,348,377.25	\$ 1,818,331.87	\$ 530,045.38
502	Management Info Systems	\$ 248,359.55	\$ 230,728.56	\$ 17,630.99
503	Insurance Fund	\$ 807,613.08	\$ 848,310.99	\$ (40,697.91)
505	Employee Self Insurance	\$ 691,000.00	\$ 664,455.17	\$ 26,544.83

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

Budget Amendments during the year that were significant are as follows:

Fund	Department	Total 2022 Amendments
001	Current Expense	\$ 1,024,689.91
001	Fairgrounds	\$ 6,000.00
103	Community Services	\$ 7,500.00
104	County Fair	\$ 12,578.88
108	Auditor's O&M	\$ 1,788.00
110	E911	\$ 445,240.89
129	Weed Control	\$ 89,563.00
130	Tourism	\$ 11,000.00
131	Trial Court	\$ 3,080.00
140	REET	\$ 21,000.00
307	Distressed Area	\$ 3,576.00
502	Management Info Systems	\$ 3,576.00
503	Insurance	\$ 1,192.00

NOTE 3 – JOINT VENTURES

Ferry County participates in a number of joint ventures with other Counties such as:

- **Joint Venture** - Ferry 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 paid \$10,400.00 for membership dues.
- **Jointly Governed Organization/Related Party** - In addition, the County jointly created the local Housing Authority, (Joint City of Republic Ferry County Housing Authority) in conjunction with the City of Republic. The County is possibly liable for the debt of the Housing Authority. See note 10. Ferry County did not disburse funds to the Housing Authority this year.
- **Joint Venture** - Northeast Tri County Health District works with other entities to assess, protect, preserve, and promote the health of the tri-county area and establishes local policy relating to population-based services in Ferry, Pend Oreille and Stevens Counties. Ferry County contributed \$72,378
- **Joint Venture** – Stevens County is the fiscal agent for some of the Superior Court Services provided to Ferry, Pend Oreille and Stevens County. Ferry County reimburses Stevens County for its prorated share. Ferry County paid Stevens County \$71,468 in 2022 for its share of the joint services.
- **Joint Venture** – Martin Hall Juvenile Detention Facility is a joint operation between several counties to

provide juvenile detention services. Lincoln County is the fiscal agent and we pay them for our share of costs and for bed days that exceed our number of allocated days. In 2022 Ferry County paid Lincoln County \$33,288.

- **Joint Venture** – Washington State University and Ferry County have a Memorandum of Agreement to provide an extension program. Ferry County contributed \$37,687 towards Salary and benefits in 2022.

NOTE 4 – Long-Term Debt

The accompanying Schedule of Long-Term Liabilities (09) provides more details of the outstanding debt and liabilities of the county and summarizes the county's debt transactions for the year ended December 31, 2022.

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

Year	Principal	Interest	Total
2023	\$ 182,795	\$ 7,220	\$ 190,002
Totals	\$ 182,795	\$ 7,220	\$ 190,002

NOTE 5 – INTERFUND LOANS

The following table displays interfund loan activity during 2022:

Borrowing Fund	Lending Fund	Balance 1/1/2021	New Loans	Repayments	Balance 12/31/2022
Current Expense	Conservation	\$ 60	\$ -	\$ -	\$ 60
Solid Waste	County Road	\$ 25,000		\$ 22,915	\$ 2,085
County Road	Equipment Rental	\$ -			\$ -
E911	Conservation		\$ 247,063	\$ 247,063	
Totals		\$ 25,060	\$ 247,063	\$ 269,978	\$ 2,145

NOTE 6 – DEPOSITS AND INVESTMENTS

Investments are reported at original cost. Deposit and Investments by type at December 31, 2022 are as follows:

Deposit/Investment Type	County's own deposits and investments	Custodial Deposits/Investments	Total
Bank Deposits	\$ 908,101	\$ 1,724,782	\$ 2,632,883
L.G.I.P.	\$ 5,826,266	\$ 4,743,027	\$ 10,569,294
WA Fed	\$ 5,249,813	\$ 1,305,790	\$ 6,555,603
US Bank	\$ 1,510,203	\$ -	\$ 1,510,203
Total	\$ 13,494,383	\$ 7,773,600	\$ 21,267,983

It is the county's policy to invest all temporary cash surpluses. The interest on these investments is posted to the general (current expense) fund when allowed otherwise it is prorated to the various funds.

Investments in the State Local Government Investment Pool (LGIP)

The 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's deposits and certificates of deposit are fully 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 7 – External Investment Pool

The External Investment Pool sponsored by the County was established in 1986. Revised Code of Washington (RCW) 36.29.022, 36.29.010, 36.29.020, authorize the County Treasurer to invest its surplus cash and any funds of municipal corporations which are not required for immediate expenditure and are in the custody or control of the county treasurer. The External Investment Pool's investments are invested pursuant to the Revised Code of Washington. Any credits or payments to pool participants are calculated and made in a manner as required by RCW 36.29.024.

The investments are managed by the Treasurer, which reports investment activity to the County Finance Committee on a quarterly basis. Additionally, the County treasurer investment activity is subject to an annual investment policy review, compliance oversight, quarterly financial review, and annual financial reporting. The County has not provided nor obtained any legally binding guarantees during the year ended December 31, 2022, to support the value of shares in the Pool.

The External Investment Pool is not registered with the SEC and is not subject to any formal oversight other than that provided by the County Finance Committee. The Committee is responsible for adopting investment objectives and policies, for hiring investment advisors, and for monitoring policy implementation and investment performance. The Committee's primary role is to oversee the allocation of the Pool's portfolio among the asset classes, investment vehicles, and investment managers.

The interest or other earnings of income from the funds of any municipal corporation of which the governing body has not taken any action pertaining to the investment of funds and that have been invested in accordance with state statutes, shall be deposited in the current expense fund of the county and may be used for general county purposes. The total amount of income from the External Investment Pool assigned to the County's general fund for the year was \$25,058.61. These investments made by the County Treasurer on behalf of the participants is involuntary participation in the County Treasurer's Investment Pool as they are required to be invested by statute.

Approximately 42% of the County Treasurer's Pool consists of these involuntary participants. Voluntary participants in the County Treasurer's Pool include (Fire, Hospital, EMS, Water, Sewer, Housing, Mosquito, and School Districts). The deposits held for both involuntary and voluntary entities are included in the External Investment Pool - Custodial Fund.

Note 8 – OPEB

The LEOFF I Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by the county as required by RCW 41.26.150. The plan pays for 100% of eligible retirees' healthcare costs on a pay-as-you-go basis. As of June 30, 2022, the plan had 1 member, a retiree. As of June 30, 2022, the county's total OPEB liability was \$573,239, as calculated using the alternative measurement method. For the year ended December 31, 2022, the county paid \$4,194 in benefits.

NOTE 9 – OTHER DISCLOSURES

Contingencies and Litigation

The Joint City of Republic-Ferry County Housing Authority (hereafter referred to as Housing Authority) was created by the City of Republic and Ferry County in 1991. The financial records were maintained by Ferry County. In 1999 the Housing Authority separated from the County and established their own financial records. In 2014 it came to the attention of Ferry County and the City of Republic that the Housing Authority was out of compliance with their federal granting agencies as well as the State of Washington. The City of Republic and Ferry County are working together to bring the Housing Authority back into compliance in hopes of mitigating some of the liability and helping the Housing Authority recover. The County is assisting with the management and financials. The City of Republic and Ferry County appoint the board members of the Housing Authority and therefore are still responsible for their actions. As a result, the City of Republic and Ferry County may be held liable for the Housing Authority's contractual obligations. The Housing Authority currently has outstanding liabilities of \$962,977. The County will be liable for 3/5ths of the outstanding liabilities if the Housing Authority defaults on those liabilities. The approximate fair market value of the available assets may be about \$1.6 million as of December 22, 2017 and the Housing Authority's cash balance as of December 31, 2022 was \$243,441. These assets could potentially be used to offset the liabilities.

State vs Blake

On February 25, 2022, the Washington State Supreme Court in *State v. Blake* declared unconstitutional Washington's strict liability drug possession statute, which criminalized unintentional, unknowing possession of controlled substances without a prescription. At this time the county does not have the information necessary to make an estimate of any potential liability. Ferry County will be reporting Blake refunds and reimbursements with the assumption that the State is ultimately responsible for those costs. \$5,776 in reimbursements were processed in 2022.

NOTE 10 - PENSION PLANS

A. State Sponsored Pension Plans

Substantially all county full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans Public Employees' Retirement System (PERS), Public Safety Employees' Retirement System (PSERS) or 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
PO Box 48380
Olympia, WA 98504-8380

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

At June 30, 2022 (the measurement date of the plans) the County's proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

Plan	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$ 159,187	0.025974%	\$ 723,211
PERS 2/3	\$ 243,912	0.030361%	\$ (1,126,023)
PSERS 2	\$ 26,413	0.059703%	\$ (42,688)
LEOFF 1	\$ -	0.000866%	\$ (24,842)
LEOFF 2	\$ 21,593	0.010430%	\$ (283,456)

LEOFF Plan 1

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

LEOFF Plan 2

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

NOTE 11 - 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 taxes are levied.

The county's regular levy for the year 2021 for collection in 2022 was as follows per \$1,000 of assessed valuation.

Taxing District	Levy Rate	Assessed Value	Tax
Current Expense	1.6381111088	\$ 753,925,154	\$ 1,235,013
Mental Health	0.0249999883	\$ 753,925,154	\$ 18,848
Veterans Relief	0.0169999899	\$ 753,925,154	\$ 12,817
County Road	1.3308716239	\$ 696,582,062	\$ 927,061
Diverted Road	0.7700686384	\$ 696,582,062	\$ 536,416
Conservation Futures	0.0624999972	\$ 753,925,154	\$ 47,120

The County is also authorized to levy \$2.10 per \$1,000 of assessed valuation in unincorporated areas for road construction and maintenance. This levy is subject to the same limitations as the levy for general government services. The county's road levy for 2022 was \$2.10 per \$1,000 on an assessed valuation of \$696,582,062 for a total road levy of \$1,463,477. However, 536,416 of the total road levy was diverted to the General Fund for providing services in the unincorporated areas of the county.

NOTE 12 - RISK MANAGEMENT

The county maintains insurance against most normal hazards. In the opinion of management, the county's insurance policies are adequate to pay all known or pending claims. The county is a member of the Washington Rural Counties Insurance Pool (WRCIP). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program or organization for the joint purchasing of insurance, and/or joint self-insuring and/or 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 31, 2022, there are ten 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 Protections; and Liability, including General, Automobile, and Wrongful Acts, which are included to fit members' various needs.

The program acquires insurance through their Administrator, Clear Risk Solutions. Liability coverage is purchased to an aggregate limit of \$45,000,000 with a self-insured retention (SIR) of \$250,000. Members are responsible for a \$1,000 to \$10,000 deductible for each claim, while the program is responsible for the \$250,000 self-insured retention. Since the program is a cooperative program, there is a joint liability among the participating members towards the sharing of the \$250,000 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 \$1,779,592.

Property insurance is subject to a per-occurrence self-insured retention of \$250,000. Members are responsible for a \$1,000 - \$10,000 per occurrence deductible. The program bears the \$250,000 self-insured retention, in addition to the deductible.

Cyber liability insurance is subject to a per-occurrence SIR of \$50,000. Members are responsible for a \$10,000 deductible for each claim, while the program is responsible for the remaining \$40,000 SIR.

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

The program is funded by its member participants and has no employees. Claims are filed by members/brokers with Clear Risk Solutions, who has been contracted to perform program administration, claims adjustment, and loss prevention for the program. Fees paid to the third-party administrator under this arrangement for the policy year ending December 31, 2022 were \$1,209,829.64

**Ferry County
Schedule of Liabilities
For the Year Ended December 31, 2022**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
263.51	PW Graders & Loader (320,331)	5/22/2023	109,589	-	109,587	2
263.51	PW Graders & Loader (311)	1/16/2023	190,849	-	849	190,000
263.56	Foreman Trucks Enterprise	8/2/2023	59,747	-	32,815	26,932
263.56	Copiers		29,398	16,024	20,053	25,369
263.56	Offices		-	10,800	9,950	850
263.56	SW Skid Steer		47,166	-	6,083	41,083
263.56	Communications Equipment		16,109	-	6,369	9,740
Total General Obligation Debt/Liabilities:			452,858	26,824	185,706	293,976
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	COMPENSATED ABSENCES		364,212	37,775	-	401,987
264.30	Net Pension Liabilities		317,985	405,226	-	723,211
264.40	OPEB		676,533	-	103,294	573,239
Total Revenue and Other (non G.O.) Debt/Liabilities:			1,358,730	443,001	103,294	1,698,437
Total Liabilities:			1,811,588	469,825	289,000	1,992,413

Ferry County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Federal Agency (Pass-Through Agency)	Federal Program	ALN 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	Schools and Roads - Grants to States	10.665	-	-	79,561	79,561	-	1,3
Total Forest Service Schools and Roads Cluster:				-	79,561	79,561	-	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via WA Dept of Commerce)	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	19-62210-023	54,721	-	54,721	-	1,3
OFFICE ON VIOLENCE AGAINST WOMEN, JUSTICE, DEPARTMENT OF (via WA Dept of Commerce)	Violence Against Women Formula Grants	16.588	F21-31103-043	14,984	-	14,984	-	1,3
OJP BUREAU OF JUSTICE ASSISTANCE, JUSTICE, DEPARTMENT OF (via WA St Patrol)	Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	2020-CD-BX- 0044	4,210	-	4,210	-	1,3
Highway Planning and Construction Cluster								
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA DOT)	Highway Planning and Construction	20.205	CRP - 1302	6,786	-	6,786	-	1,3
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA DOT)	Highway Planning and Construction	20.205	CRP - 1307	28,641	-	28,641	-	1,3

The accompanying notes are an integral part of this schedule.

Ferry County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Federal Agency (Pass-Through Agency)	Federal Program	ALN 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 WA DOT)	Highway Planning and Construction	20.205	CRP - 1308	3,381	-	3,381	-	1,3
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA DOT)	Highway Planning and Construction	20.205	CRP - 1706	72,087	-	72,087	-	1,3
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA DOT)	Highway Planning and Construction	20.205	CRP - 1801	2,787	-	2,787	-	1,3
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA DOT)	Highway Planning and Construction	20.205	CRP - 1802	68,901	-	68,901	-	1,3
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA DOT)	Highway Planning and Construction	20.205	CRP - 1803	720,372	-	720,372	-	1,3
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA DOT)	Highway Planning and Construction	20.205	CRP - 2001	873,103	-	873,103	-	1,3
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA DOT)	Highway Planning and Construction	20.205	CRP - 2002	2,641	-	2,641	-	1,3
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA DOT)	Highway Planning and Construction	20.205	CRP - 2201	13,956	-	13,956	-	1,3
Total Highway Planning and Construction Cluster:				1,792,655	-	1,792,655	-	

The accompanying notes are an integral part of this schedule.

Ferry County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Skamania County)	E-911 Grant Program	20.615	783CP	155,538	-	155,538	-	1,3
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027		-	1,481,455	1,481,455	-	1,3
ELECTION ASSISTANCE COMMISSION, ELECTION ASSISTANCE COMMISSION (via WA SOS)	HAVA Election Security Grants	90.404	IG-6929	2,593	-	2,593	-	1,3
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS)	Child Support Services	93.563	75-1501-0-1- 609	42,587	-	42,587	-	1,2,3
U.S. COAST GUARD, HOMELAND SECURITY, DEPARTMENT OF (via WA Parks and Rec)	Boating Safety Financial Assistance	97.012	3320FAS20015 3	2,124	-	2,124	-	1,3
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		-	20,467	20,467	-	1,3
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Spokane Emerg. Man.)	Homeland Security Grant Program	97.067	GSEM-1914 FY19 SHSP	19,925	-	19,925	-	1,3

The accompanying notes are an integral part of this schedule.

Ferry County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Federal Agency (Pass-Through Agency)	Federal Program	ALN 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 WA St Military Dep)	Homeland Security Grant Program	97.067	E22-138 21EMPG	26,250	-	26,250	-	1,3
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA Military EM)	Homeland Security Grant Program	97.067	18OPSG E20- 048	97,583	-	97,583	-	1,3
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA Military EM)	Homeland Security Grant Program	97.067	19OPSG E20- 211	78,432	-	78,432	-	1,3
Total ALN 97.067:				222,190	-	222,190	-	
Total Federal Awards Expended:				2,291,602	1,581,483	3,873,085	-	

The accompanying notes are an integral part of this schedule.

FERRY COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 1 – BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is prepared on the same basis of accounting as the financial statements. The County uses the Budgeting, Accounting, and Reporting System (BARS) prescribed by the State Auditor. (See Accompanying Notes to the Financial Statements.)

NOTE 2 – FEDERAL INDIRECT COST RATE

The County has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance. The amount expended includes \$9,813 claimed as an indirect cost recovery using an approved indirect cost rate of 26.52%.

NOTE 3 – PROGRAM COSTS

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



**FERRY COUNTY
BOARD OF COMMISSIONERS**

290 EAST TESSIE AVENUE
REPUBLIC, WASHINGTON 99166
TELEPHONE (509) 775-5225 ext. 2508 · FAX (509) 775-5230

BRIAN DANSEL, Curlew, District #1
ROBERT DEAN, Republic, District #2
MICHAEL HEATH, Boyds-District #3

Amanda L. Rowton, Clerk of the Board
commissioners@co.ferry.wa.us

**CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED UNDER
UNIFORM GUIDANCE**

**Ferry County
January 1, 2022 through December 31, 2022**

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

Finding ref number: 2022-001	Finding caption: The County's internal controls were inadequate for ensuring compliance with federal suspension and debarment requirements.
Name, address, and telephone of County contact person: Ben Davies, Chief Accountant 350 E. Delaware Avenue, Suite 2 Republic, WA 99166-9747	
Corrective action the auditee plans to take in response to the finding: <i>Although the County's procurement policy addresses suspension and debarment requirements, staff handling the State and Local Fiscal Recovery Funds program did not have a thorough understanding of federal procurement requirements.</i> <i>The County will ensure that staff responsible for federal programs are trained on suspension and debarment requirements, and have a thorough understanding of the County's procurement policy.</i>	
Anticipated date to complete the corrective action: 12/31/2023	

Finding ref number: 2022-002	Finding caption: The County charged costs to the Coronavirus State and Local Fiscal Recovery Funds program that did not comply with federal regulations.
Name, address, and telephone of County contact person: Ben Davies, Chief Accountant 350 E. Delaware Avenue, Suite 2 Republic, WA 99166-9747	
Corrective action the auditee plans to take in response to the finding: <i>The County will establish procedures to verify eligibility of program costs by requiring proof of eligibility be attached to grant fund expense vouchers when submitted to the auditor's office for processing.</i>	
Anticipated date to complete the corrective action: 12/31/2023	

ABOUT THE STATE AUDITOR'S OFFICE

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

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.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

Stay connected at sao.wa.gov

- [Find your audit team](#)
- [Request public records](#)
- Search BARS Manuals ([GAAP](#) and [cash](#)), and find [reporting templates](#)
- Learn about our [training workshops](#) and [on-demand videos](#)
- Discover [which governments serve you](#) — enter an address on our map
- Explore public financial data with the [Financial Intelligence Tool](#)

Other ways to stay in touch

- Main telephone:
(564) 999-0950
- Toll-free Citizen Hotline:
(866) 902-3900
- Email:
webmaster@sao.wa.gov