



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Stevens County

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

Published August 12, 2024

Report No. 1035186



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

August 12, 2024

Board of Commissioners
Stevens County
Colville, Washington

Report on Financial Statements and Federal Single Audit

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

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

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

Americans with Disabilities

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Stevens County January 1, 2022 through December 31, 2022

SECTION I – SUMMARY OF AUDITOR’S RESULTS

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

Financial Statements

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

Internal Control over Financial Reporting:

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

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

Federal Awards

Internal Control over Major Programs:

- *Significant Deficiencies:* We identified 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
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 Finding 2022-001.

SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Stevens County January 1, 2022 through December 31, 2022

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

Assistance Listing Number and Title:	20.205 – Highway Planning and Construction; 21.027 – COVID-19 – Coronavirus State and Local Fiscal Recovery Funds
Federal Grantor Name:	U.S. Department of Transportation, Federal Highway Administration; U.S. Department of the Treasury
Federal Award/Contract Number:	BRS-F334 (002), STRP-E331 (005), BHS-Z933 (003), BHOS-10BA (001), HSIP-000S (577), STRP-G333 (004), STRP-C331 (002), BROS-33GC (001), BROS-2033 (027), HSIP0000S (646)
Pass-through Entity Name:	Washington State Department of Transportation (WSDOT)
Pass-through Award/Contract Number:	N/A
Known Questioned Cost Amount:	\$0
Prior Year Audit Finding:	Yes, Finding 2021-001

Background

Highway Planning and Construction Cluster

The objectives of the Highway Planning and Construction Cluster are to: (1) assist states in the planning and development of an integrated, interconnected transportation system important to interstate commerce and travel by constructing and rehabilitating the National Highway System, including interstate highways and

most other public roads; (2) provide aid for the repair of federal-aid highways following disasters; (3) foster safe highway design and replace or rehabilitate structurally deficient or functionally obsolete bridges; and (4) to provide for other special purposes. In 2022, the County spent \$879,956 in federal funding for road improvement projects.

Coronavirus State and Local Fiscal Recovery Funds (SLFRF)

The purpose of the Coronavirus State and Local Fiscal Recovery Funds 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 the COVID-19 pandemic caused a reduction in revenues collected, and make necessary investments in water, sewer or broadband infrastructure. In 2022, the County spent \$2,458,654 in program funds.

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

Procurement

Federal regulations require recipients to follow their own documented procurement procedures, which must conform to the Uniform Guidance procurement standards found in 2 CFR § 200.318-327. These procedures must reflect the most restrictive of applicable federal, state or local laws.

When using federal funds to procure goods and services, governments must apply the more restrictive requirements of federal, state or local laws by either obtaining quotes or following a competitive procurement process, depending on the estimated cost of the procurement activity. Competitive bidding may be waived in certain circumstances, including via a "sole source exemption" when purchasing used vehicles. Governments must document the process and ensure they comply with applicable laws for waiving competitive bidding.

Suspension and Debarment

Federal requirements prohibit grant recipients from contracting with or purchasing from contractors who are 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 that the contractors have not been suspended, debarred or otherwise excluded. The County may verify this by obtaining 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.

Description of Condition

Procurement

Although the County had a written procurement policy at the time of procurement for both federal programs, the policy did not conform to the most restrictive methods and thresholds for procuring public works projects, competitive proposals and small purchases. Additionally, the County's policy did not include procedures for procuring transactions, such as micro-purchases, piggybacking, requesting proposals for architecture and engineering services, contract cost and price analysis, bonding requirements and more.

Additionally, our audit of the SLFRF program found the County did not have effective internal controls for ensuring it complied with federal and state procurement requirements for sole source exemptions and small purchase procedures. The County did not properly declare a used ambulance purchase as a sole source exemption, but instead used a blanket emergency declaration for COVID-19, which was approved over two years prior to the procurement taking place. Also, the County does not have documentation that they declared this specific purchase as part of the COVID-19 emergency. The County also could not provide documentation demonstrating it obtained and retained more than one quote for an equipment purchase subject to small purchase procedures.

Suspension and Debarment

Our audit of the SLFRF program found the County's controls were ineffective for ensuring it verified all contractors receiving \$25,000 or more in federal funds were not suspended or debarred. Specifically, the County did not obtain a written certification, include a clause in the contract or search for exclusion records on sam.gov to verify that two contractors subject to this requirement were not suspended or debarred before entering into the contract with or purchasing from them. The County paid these contractors \$269,160 in fiscal year 2022.

We consider the deficiencies in internal controls for procurement for the Highway Planning and Construction Cluster to be a significant deficiency.

We consider the deficiencies in internal controls for procurement and suspension and debarment for the SLFRF program to be material weaknesses that led to material noncompliance.

Cause of Condition

Procurement

County employees and officials misunderstood the federal procurement standards. They thought that the County's current procurement policy met the standards required under Uniform Guidance, as the policy states that "all employees shall follow the most restrictive, local, state or federal procurement policy when using Federal Grant Funds to be in compliance with the Code of Federal Requirements (2 CFR part 200)." For the Highway Planning and Construction Cluster program, County employees thought that following the Washington State Department of Transportation's *Local Agency Guidelines Manual* and guidance from the Municipal Research and Services Center were sufficient for complying with federal procurement standards.

Additionally, County staff responsible for procurement procedures for the SLFRF program misunderstood exemption requirements and did not specifically declare the ambulance purchase as either sole source or an emergency purchase. Additionally, staff were unaware that they should obtain and retain more than one quote to comply with small purchase procedures.

Suspension and Debarment

County staff responsible for reviewing purchases under SLFRF were aware of suspension and debarment verification requirements. However, they did not recognize the need to document and retain evidence of the sam.gov checks before the purchases.

Effect of Condition

Procurement

Although the County's policy did not conform to Uniform Guidance, our testing of the Highway Planning and Construction program found the County complied with federal requirements for competitive solicitation of public works contractors and purchases of goods and services. However, without updated written procurement procedures, the County is at greater risk of noncompliance with the most restrictive procedures when using federal funds to procure contractors and goods and services.

Additionally, our audit of the SLFRF program found the County did not have documentation to support compliance with exemption requirements for a used ambulance purchase of \$241,820 and small purchase requirements for an equipment purchase of \$27,340. Without effective internal controls, the County cannot ensure it allowed for full and open competition, received the best price and complied with federal procurement requirements.

Suspension and Debarment

Our audit of the SLFRF program found the County paid two contractors more than \$25,000 and did not verify their suspension and debarment statuses using one of the three allowable methods. Without this verification, the County increases its risk of awarding federal funds to contractors that are excluded from participating in federal programs. Any payments made to an ineligible party would be unallowable and the granting federal agency could potentially recover them.

We subsequently verified the contractors were not suspended or debarred, so we are not questioning costs.

Recommendation

We recommend the County:

- Review and update its written procurement policy to conform to Uniform Guidance requirements (2 CFR § 200.318-327) for all procurement activities
- Strengthen internal controls to ensure it procures goods and services in accordance with federal regulations, state law and the County's own procurement policies and procedures
- 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 and retain documentation demonstrating this compliance

County's Response

The County will respond to each Audit Recommendation separately.

SAO Recommendations:

1) Review and update its written procurement policy to conform to Uniform Guidance requirements (2 CFR 200.318-327) for all procurement activities.

2) *Strengthen internal controls to ensure it procures goods and services in accordance with federal regulations, state law and the County's own procurement policies and procedures.*

3) *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 and retain documentation demonstrating this compliance.*

Response to 1) - *On April 22, 2019, the County adopted Resolution #39-2019 to include language requiring that all of 2 CFR 200 be followed when using federal funds for procurement in response to the State Auditor's recommendations. The County has a single source audit every year and no further recommendations from the State Auditor were given and the corrective action was noted. The Audits for 2019 and 2020 found no further action on this subject. The 2021 federal audit was performed, and the exit interview resulted in a finding the same as in number 1 above. The exit interview was given on September 23, 2022. This is the start of budget season and a high and busy time of activity. The County lacks the resources to have dedicated staff to draft specific policies and relies of current staffing levels to address these issues. In drafting this policy, considerable research was conducted, a draft for review by all affected staff was circulated for comment, legal review was conducted and a new policy emphasizing subparts 318-327 was adopted on July 17, 2023. Further, an update of the County's Capital Asset and Inventory Policy adopted November 21, 2022, to include federal procurement rules was adopted as policy 2-2023 on July 25, 2023. Therefore, the County has taken corrective action to address this issue but lacked the resources to do so between the end of September and the end of the calendar year to cover 2022.*

Response to 2) - *The State Auditor states the County did not follow the most restrictive applicable federal, state, or local laws and the federal procurement standards found in 2 CFR 200.318-327. The State Auditor further states that "the County did not properly declare a used ambulance purchase as a sole source exemption, but instead used an emergency declaration for COVID-19." While it is true that the County did rely on the emergency declaration and not note in the purchase authorization that the ambulance purchase was a sole source purchase, the County maintains this is supported by all applicable laws. The COVID-19 emergency was still in effect and the purchase was made solely to respond to a communicable disease that was thought to further spread. Ambulances that lacked proper equipment for transporting communicable disease patients put healthcare workers and first responders at high risk of human health issues. Resolution 30-2020 Declaring an emergency and Governor Proclamation 20-05 declaring a COVID-19 emergency was still in effect, as was a Presidential emergency declaration at the time of the purchase. RCW 38.52.070(2) specifically allows*

waiving oftime consuming procedures for purchases directly related to the emergency. Also, federal procurement standards as quoted below 2 CFR 320(c)(3) allow for noncompetitive procurement. People were dying and time was of the essence in obtaining proper transport equipment. We will also note that all Coronavirus State and Local Fiscal Recovery Fund purchases were reviewed and approved by County legal counsel. The County notes that more than one standard was met in 2 CFR 200.320(c) as this purchase meets both subparts 2 and 3 below, the County feels that this purchase did not require more internal controls. That being said, the County has trained personnel to document all conditions that apply in the future and has updated its federal procurement procedures per the September 23, 2022, recommendations.

§ 200.320 Methods of procurement to be followed.

(c) Noncompetitive procurement. There are specific circumstances in which noncompetitive procurement can be used. Noncompetitive procurement can only be awarded if one or more of the following circumstances apply:

- (1) The acquisition of property or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (see paragraph (a)(1) of this section);*
- (2) The item is available only from a single source;*
- (3) The public exigency or emergency for the requirement will not permit a delay resulting from publicizing a competitive solicitation;*
- (4) The Federal awarding agency or pass-through entity expressly authorizes a noncompetitive procurement in response to a written request from the non-Federal entity; or*
- (5) After solicitation of a number of sources, competition is determined inadequate.*

Response to 3) - *The State Auditor noted that the County had failed to verify two contractors for suspension and disbarment using one of the three allowable methods. The County refutes this and an affidavit from the employee who verified this was submitted. However, despite having this legal document the State Auditor finds the county did not retain a screenshot of this process for its records. The County is unable to find anywhere in federal law having reviewed 2 CFR 200 including sections 318-327 as well as 2 CFR 180, as quoted below, where documentation of this is required. Further, several staff members have been trained in federal procurement standards and this documentation requirement was not mentioned as a requirement. This being said, the County has trained all staff*

members dealing with federal dollars to take screen shots of the suspension and disbarment check on potential contractors.

§ 180.320 Must I verify that principals of my covered transactions are eligible to participate?

Yes, you as a participant are responsible for determining whether any of your principals of your covered transactions is excluded or disqualified from participating in the transaction.

You may decide the method and frequency by which you do so. You may, but you are not required to, check SAM Exclusions.

In summary, the County has corrected all the State Auditor recommendations made in this audit findings as of this written response.

Auditor's Remarks

As the County did not maintain documentation and declare a specific exemption for the ambulance purchase we could not verify that it complied with procurement requirements.

In order to determine whether the County verified the contractors were not suspended or debarred, our office is required to review evidence that shows this verification was completed by the County prior to entering into a contract. An after-the-fact representation is not sufficient to meet this standard.

We reaffirm our finding and will review the corrective action taken during our 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 200, Uniform Guidance, section 318, General procurement standards, establishes requirements for written procedures.

Title 2 CFR 200, Uniform Guidance, section 319, Competition, establishes all procurement transactions are to be conducted in a manner providing full and open competition.

Title 2 CFR 200, Uniform Guidance, section 320, Methods of procurement to be followed, describes each allowable procurement method.

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

Wes McCart
District No. 1

Mark Burrows
District No. 2

Greg Young
District No. 3



Jonnie R. Brown
Clerk of the Board

Tammi Renfro
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Stevens County

January 1, 2022 through December 31, 2022

This schedule presents the status of findings reported in prior audit periods.

Audit Period: September 1, 2021- December 31, 2021	Report Ref. No.: 1031206	Finding Ref. No.: 2021-001	Assistance Listing Number(s): 20.205 and 20.027
Federal Program Name and Granting Agency: Highway Planning and Construction & COVID-19 – Coronavirus State and Local Fiscal Recovery Funds		Pass-Through Agency Name: Washington State Department of Transportation (WSDOT)	
Finding Caption: The County’s internal controls were inadequate for ensuring compliance with federal procurement requirements.			
Background: Federal regulations require recipients to establish and maintain internal controls that ensure compliance with program requirements. These controls include understanding program requirements and monitoring the effectiveness of established controls. Federal regulations also require recipients to follow their own documented procurement procedures, which must conform to the Uniform Guidance procurement standards found in 2 CFR § 200.318-327. The procedures must reflect the most restrictive of applicable federal requirements, state laws or local policies. When using federal funds to procure goods and services, governments must apply the more restrictive requirements by obtaining quotes or following a competitive procurement process, depending on the estimated cost of the procurement activity. Although the County had a written procurement policy at the time of procurement, it did not conform to the most restrictive methods and thresholds for procuring public works projects, competitive proposals and small purchases. Additionally, the County’s policy did not include procedures for procuring transactions, such as micro-purchases, piggybacking, requesting proposals for architecture and engineering services, contract cost and price analysis, bonding requirements, and more.			

Status of Corrective Action: (check one)☐ Fully
Corrected☒ Partially
Corrected☐ Not Corrected☐ Finding is considered no
longer valid**Corrective Action Taken:***Resolution 83-2023 (attached) passed and distributed to relevant departments.*

INDEPENDENT AUDITOR'S REPORT

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Stevens County January 1, 2022 through December 31, 2022

Board of Commissioners
Stevens County
Colville, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Stevens County, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's financial statements, and have issued our report thereon dated May 17, 2024.

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.

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 cursive script that reads "Pat McCarthy". The signature is written in black ink and is positioned above the printed name.

Pat McCarthy, State Auditor

Olympia, WA

May 17, 2024

INDEPENDENT AUDITOR'S REPORT

Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

Stevens County January 1, 2022 through December 31, 2022

Board of Commissioners
Stevens County
Colville, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the compliance of Stevens 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 an instance of noncompliance which is 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 Finding 2022-001. Our opinion on each major federal program is not modified with respect to these matters.

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 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 that we consider to be material weaknesses and significant deficiencies. In the accompanying Schedule of Federal Award Findings and Questioned Costs, we consider the deficiencies described in Finding 2022-001 to be a material weakness and the deficiencies described in Finding 2022-001 to be a significant deficiency.

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, reading "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

May 17, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Stevens County January 1, 2022 through December 31, 2022

Board of Commissioners
Stevens County
Colville, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of Stevens 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 Stevens 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 Stevens 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.

Matter of Emphasis

As discussed in Note 4 to the financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the County is unknown. Management's plans in response to this matter are also described in Note 4. Our opinion is not modified with respect to this matter.

As discussed in Note 14 to the financial statements, in 2022, the County adopted new accounting guidance for the presentation and disclosure of leases, as required by the BARS Manual. Our opinion is not modified with respect to this matter.

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 May 17, 2024 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.



Pat McCarthy, State Auditor

Olympia, WA

May 17, 2024

FINANCIAL SECTION

Stevens County January 1, 2022 through December 31, 2022

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transaction – 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

Stevens 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	105 COMM HISTORIC PROG	106 PERF ARTS TOURISM ETC
Beginning Cash and Investments					
308	Beginning Cash and Investments	45,362,538	7,941,463	13,981	249,084
388 / 588	Net Adjustments	(30,078)	(9,999)	-	-
Revenues					
310	Taxes	21,868,236	13,008,352	-	85,841
320	Licenses and Permits	798,747	639,952	-	-
330	Intergovernmental Revenues	21,036,523	7,091,527	-	-
340	Charges for Goods and Services	32,087,753	2,442,017	9,921	-
350	Fines and Penalties	324,081	323,273	-	-
360	Miscellaneous Revenues	6,677,134	1,259,680	-	2,974
Total Revenues:		82,792,474	24,764,801	9,921	88,815
Expenditures					
510	General Government	17,220,416	12,372,583	-	-
520	Public Safety	12,551,497	8,970,647	-	-
530	Utilities	2,902,730	-	-	-
540	Transportation	17,400,733	-	-	-
550	Natural/Economic Environment	1,984,466	1,568,434	-	-
560	Social Services	14,964,314	882,433	-	-
570	Culture and Recreation	600,248	474,109	-	33,247
Total Expenditures:		67,624,404	24,268,206	-	33,247
Excess (Deficiency) Revenues over Expenditures:		15,168,070	496,595	9,921	55,568
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	1,557,360	1,085,519	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	2,989,646	11	-	-
Total Other Increases in Fund Resources:		4,547,006	1,085,530	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	6,218,433	511,797	-	-
591-593, 599	Debt Service	182,503	-	-	-
597	Transfers-Out	1,557,360	420,367	-	-
585	Special or Extraordinary Items	38,581	38,581	-	-
581, 582, 589	Other Uses	2,634,188	25,706	-	-
Total Other Decreases in Fund Resources:		10,631,065	996,451	-	-
Increase (Decrease) in Cash and Investments:		9,084,011	585,674	9,921	55,568
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	21,891,361	69,411	23,902	304,652
50841	Committed	24,077,404	-	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	8,447,724	8,447,724	-	-
Total Ending Cash and Investments		54,416,489	8,517,135	23,902	304,652

The accompanying notes are an integral part of this statement.

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

		107 CRIME VICTIMS AND WITNESS FUND	110 ROAD FUND	115 PATHS AND TRAILS	121 HOMELESSNES S
Beginning Cash and Investments					
308	Beginning Cash and Investments	184,323	9,458,978	275,758	1,407,298
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	6,478,690	-	-
320	Licenses and Permits	-	158,795	-	-
330	Intergovernmental Revenues	-	7,133,803	18,522	-
340	Charges for Goods and Services	41,998	152,570	-	392,163
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	2,619	201,996	4,237	20,725
Total Revenues:		44,617	14,125,854	22,759	412,888
Expenditures					
510	General Government	3,077	147,185	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	11,512,997	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	280,052
570	Culture and Recreation	-	-	-	-
Total Expenditures:		3,077	11,660,182	-	280,052
Excess (Deficiency) Revenues over Expenditures:		41,540	2,465,672	22,759	132,836
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	-	46,004	-	-
Total Other Increases in Fund Resources:		-	46,004	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	1,049,569	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	1,049,569	-	-
Increase (Decrease) in Cash and Investments:		41,540	1,462,107	22,759	132,836
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	10,921,088	-	-
50841	Committed	225,864	-	298,517	1,540,134
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		225,864	10,921,088	298,517	1,540,134

The accompanying notes are an integral part of this statement.

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

		122 NEW ALLIANCE COUNSELING	123 VERY LOW INCOME HOUSING	124 VETERANS RELIEF FUND	125 LAW LIBRARY
Beginning Cash and Investments					
308	Beginning Cash and Investments	8,340,644	292,880	153,429	58,190
388 / 588	Net Adjustments	(8,167)	-	-	-
Revenues					
310	Taxes	180,918	-	58,567	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	483,201	-	4,038	-
340	Charges for Goods and Services	15,138,236	66,423	-	12,059
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	295,034	3,862	2,378	773
Total Revenues:		16,097,389	70,285	64,983	12,832
Expenditures					
510	General Government	-	-	-	3,230
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	13,762,558	-	39,271	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		13,762,558	-	39,271	3,230
Excess (Deficiency) Revenues over Expenditures:		2,334,831	70,285	25,712	9,602
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	150,580	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		150,580	-	-	-
Increase (Decrease) in Cash and Investments:		2,184,251	70,285	25,712	9,602
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	80,091	-	-	-
50841	Committed	10,436,638	363,165	179,142	67,793
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		10,516,729	363,165	179,142	67,793

The accompanying notes are an integral part of this statement.

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

		126 AUDITORS O&M FUND	127 ELECTIONS HAVA III	128 NORTHEAST WASHINGTON	129 TREASURERS O&M
Beginning Cash and Investments					
308	Beginning Cash and Investments	445,427	63,337	32,268	69,989
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	62,032	-	81,589	-
340	Charges for Goods and Services	30,145	-	49,297	41,523
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	991	9,645	-
Total Revenues:		92,177	991	140,531	41,523
Expenditures					
510	General Government	116,395	1,475	-	24,686
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	92,892	-
Total Expenditures:		116,395	1,475	92,892	24,686
Excess (Deficiency) Revenues over Expenditures:		(24,218)	(484)	47,639	16,837
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	-	-	-	25,000
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	-	-	25,000
Increase (Decrease) in Cash and Investments:		(24,218)	(484)	47,639	(8,163)
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	421,209	62,853	79,905	61,827
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		421,209	62,853	79,905	61,827

The accompanying notes are an integral part of this statement.

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

		130 WEED CONTROL	131 LAKE MANAGEMENT DISTRICTS	133 FAMILY LAW COURT FACILITATOR	138 DEER LAKE MNGT DIST #1- 2011
Beginning Cash and Investments					
308	Beginning Cash and Investments	133,032	1,642	29,253	6
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	7,284	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	335	-	7,288	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	244,177	-	1,001	-
Total Revenues:		251,796	-	8,289	-
Expenditures					
510	General Government	-	-	9,680	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	230,509	808	-	5
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		230,509	808	9,680	5
Excess (Deficiency) Revenues over Expenditures:		21,287	(808)	(1,391)	(5)
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	2,404	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		2,404	-	-	-
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:		23,691	(808)	(1,391)	(5)
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	-
50841	Committed	156,726	834	27,861	1
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		156,726	834	27,861	1

The accompanying notes are an integral part of this statement.

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

		139 GUARDIANSHIP FACILITATOR	140 DRUG INVESTIGATION FUND	141 SHERIFF STATE DRUG FORFEITURE	142 SHERIFF FEDERAL DRUG
Beginning Cash and Investments					
308	Beginning Cash and Investments	1,822	94,043	66,998	36,852
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	40	-	-	-
350	Fines and Penalties	-	619	-	-
360	Miscellaneous Revenues	-	-	37,666	138
Total Revenues:		40	619	37,666	138
Expenditures					
510	General Government	1,050	-	-	-
520	Public Safety	-	11,441	3,718	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		1,050	11,441	3,718	-
Excess (Deficiency) Revenues over Expenditures:		(1,010)	(10,822)	33,948	138
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:		(1,010)	(10,822)	33,948	138
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	83,221	100,946	36,990
50841	Committed	812	-	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		812	83,221	100,946	36,990

The accompanying notes are an integral part of this statement.

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

		145 EMERGENCY COMMUNICATI	150 INMATE WELFARE FUND	155 CE VEHICLE REPLACEMENT	160 TRIAL COURT IMPROVEMENT
Beginning Cash and Investments					
308	Beginning Cash and Investments	516,526	38,725	64,342	42,299
388 / 588	Net Adjustments	-	22	-	-
Revenues					
310	Taxes	431,356	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	373,233	-	-	22,682
340	Charges for Goods and Services	1,187,354	4,208	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	49,992	13,000	-	-
Total Revenues:		2,041,935	17,208	-	22,682
Expenditures					
510	General Government	-	-	18,015	46,486
520	Public Safety	1,721,869	16,851	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		1,721,869	16,851	18,015	46,486
Excess (Deficiency) Revenues over Expenditures:		320,066	357	(18,015)	(23,804)
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	1,155	-	400,000	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		1,155	-	400,000	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	171,106	-	50,238	-
591-593, 599	Debt Service	3,562	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	47,458	-	-	-
Total Other Decreases in Fund Resources:		222,126	-	50,238	-
Increase (Decrease) in Cash and Investments:		99,095	357	331,747	(23,804)
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	-
50841	Committed	615,623	39,105	396,089	18,495
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		615,623	39,105	396,089	18,495

The accompanying notes are an integral part of this statement.

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

		165 REET ELECTRONIC TECHNOLOGY	180 DEER LAKE MNGT DIST 1- 2016	181 LOON LAKE MILFOIL- 1-2018	182 LPO MILFOIL 2-2018
Beginning Cash and Investments					
308	Beginning Cash and Investments	56,914	73	107,063	32,354
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	10,398	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	47	131	32
360	Miscellaneous Revenues	810	367	69,034	17,062
Total Revenues:		11,208	414	69,165	17,094
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	474	53,241	5,793
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	474	53,241	5,793
Excess (Deficiency) Revenues over Expenditures:		11,208	(60)	15,924	11,301
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:		11,208	(60)	15,924	11,301
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	68,122	-	-	-
50841	Committed	-	13	122,988	43,655
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		68,122	13	122,988	43,655

The accompanying notes are an integral part of this statement.

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

		183 DEER LAKE MILFOIL - 2021	191 AMERICAN RESCUE PLAN ACT 2021	201 CURRENT EXPENSE GO BOND	305 GENERAL CAPITAL PROJECTS
Beginning Cash and Investments					
308	Beginning Cash and Investments	-	3,008,807	30,803	2,754,505
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	784,585
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	5,424,753	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	(21)	-	-	-
360	Miscellaneous Revenues	31,535	-	-	16,190
Total Revenues:		31,514	5,424,753	-	800,775
Expenditures					
510	General Government	-	16,214	-	-
520	Public Safety	-	17,048	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	21,886	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		21,886	33,262	-	-
Excess (Deficiency) Revenues over Expenditures:		9,628	5,391,491	-	800,775
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	20,367	32,300	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	20,367	32,300	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	1,553,497	-	145,795
591-593, 599	Debt Service	-	-	38,975	-
597	Transfers-Out	-	892,926	-	32,300
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	2,446,423	38,975	178,095
Increase (Decrease) in Cash and Investments:		9,628	2,965,435	(6,675)	622,680
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	5,974,243	-	-
50841	Committed	9,628	-	24,128	3,377,186
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		9,628	5,974,243	24,128	3,377,186

The accompanying notes are an integral part of this statement.

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

		306 PUBLIC FACILITIES (REF 49)	405 SHERIFFS AMBULANCE FUND	410 SOLID WASTE	501 EQUIPMENT RENTAL &
Beginning Cash and Investments					
308	Beginning Cash and Investments	1,937,519	424,701	4,626,215	1,427,484
388 / 588	Net Adjustments	-	-	-	(11,906)
Revenues					
310	Taxes	830,514	-	2,129	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	82,638	248,107	-
340	Charges for Goods and Services	-	1,321,305	3,172,254	3,019,675
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	14,541	59,052	212,597	4,105,058
Total Revenues:		845,055	1,462,995	3,635,087	7,124,733
Expenditures					
510	General Government	600	-	-	-
520	Public Safety	-	1,809,923	-	-
530	Utilities	-	-	2,902,730	-
540	Transportation	-	-	-	5,887,736
550	Natural/Economic Environment	103,316	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		103,916	1,809,923	2,902,730	5,887,736
Excess (Deficiency) Revenues over Expenditures:		741,139	(346,928)	732,357	1,236,997
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	7,465	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	103,284	32,141
Total Other Increases in Fund Resources:		-	7,465	103,284	32,141
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	4,317	799,773	1,281,598
591-593, 599	Debt Service	-	-	139,966	-
597	Transfers-Out	186,767	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		186,767	4,317	939,739	1,281,598
Increase (Decrease) in Cash and Investments:		554,372	(343,780)	(104,098)	(12,460)
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	3,602,901	-
50841	Committed	2,491,891	80,921	919,221	1,403,117
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		2,491,891	80,921	4,522,122	1,403,117

The accompanying notes are an integral part of this statement.

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

		510 INFORMATION SERVICES	520 INSURANCE SERVICE FUND	530 HEALTH INSURANCE FUND
Beginning Cash and Investments				
308	Beginning Cash and Investments	456,572	266,239	220,700
388 / 588	Net Adjustments	(28)	-	-
Revenues				
310	Taxes	-	-	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	-	-	-
340	Charges for Goods and Services	3,134,427	1,864,515	-
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	-	-	-
	Total Revenues:	3,134,427	1,864,515	-
Expenditures				
510	General Government	2,465,583	1,994,157	-
520	Public Safety	-	-	-
530	Utilities	-	-	-
540	Transportation	-	-	-
550	Natural/Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
	Total Expenditures:	2,465,583	1,994,157	-
	Excess (Deficiency) Revenues over Expenditures:	668,844	(129,642)	-
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	6,838	1,312	-
385	Special or Extraordinary Items	-	-	-
381, 382, 389, 395, 398	Other Resources	-	2,557	2,805,649
	Total Other Increases in Fund Resources:	6,838	3,869	2,805,649
Other Decreases in Fund Resources				
594-595	Capital Expenditures	500,163	-	-
591-593, 599	Debt Service	-	-	-
597	Transfers-Out	-	-	-
585	Special or Extraordinary Items	-	-	-
581, 582, 589	Other Uses	-	-	2,561,024
	Total Other Decreases in Fund Resources:	500,163	-	2,561,024
	Increase (Decrease) in Cash and Investments:	175,519	(125,773)	244,625
Ending Cash and Investments				
50821	Nonspendable	-	-	-
50831	Restricted	-	-	-
50841	Committed	632,064	140,468	465,325
50851	Assigned	-	-	-
50891	Unassigned	-	-	-
	Total Ending Cash and Investments	632,064	140,468	465,325

The accompanying notes are an integral part of this statement.

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

		Total for All Funds (Memo Only)	Investment Trust	Private-Purpose Trust	Custodial
308	Beginning Cash and Investments	36,067,744	30,630,126	511,610	4,926,008
388 & 588	Net Adjustments	2,003,901	-	-	2,003,901
310-390	Additions	163,817,365	2,887,644	5,797,478	155,132,243
510-590	Deductions	158,864,156	-	5,866,959	152,997,197
	Net Increase (Decrease) in Cash and Investments:	4,953,209	2,887,644	(69,481)	2,135,046
508	Ending Cash and Investments	43,024,860	33,517,770	442,129	9,064,961

The accompanying notes are an integral part of this statement.

STEVENS COUNTY

NOTES TO FINANCIAL STATEMENTS

January 1 to December 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed but are not included in the financial statements (see Note 3 – Component Unit(s), Joint Ventures, and Related Parties).
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The Schedule of Liabilities is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are presented using classifications that are similar to the ending balance classification in GAAP.

A. Fund Accounting

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements, except for the fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used:

GOVERNMENTAL FUND TYPES:

General Fund

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

Special Revenue Funds

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

Debt Service Funds

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

Capital Projects Funds

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

PROPRIETARY FUND TYPES:

Enterprise Funds

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

Internal Service Funds

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

FIDUCIARY FUND TYPES:

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

Investment Trust Funds

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

Private-Purpose Trust Funds

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

Custodial Funds

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

B. Basis of Accounting and Measurement Focus

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

In accordance with state law the County also recognizes expenditures paid during the thirty days after the close of the fiscal year for claims incurred during the previous period.

C. Cash and Investments

See Note 5 - Deposits and Investments

D. Capital Assets

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

E. Compensated Absences

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

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

The County has some employees on Personal Time Off (PTO) or Universal Leave plans. The Stevens County Personnel Policy sets the accrual amount with a maximum accumulation of 600 hours. If an employee separates employment, the County will pay up to the maximum of 240 hours. However, if an employee retires according to the Washington Retirement Plan, the County will pay out a maximum of 432 hours.

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

F. Long-Term Debt

See Note 8– Long Term Debt

G. Restricted and Committed Portion of Ending Cash and Investments

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

Restrictions and commitments of Ending Cash and Investments

Current Expense Fund (001-999-010) Restricted Ending Cash and Investments \$69,411 consists of:

State Vessel Registration fees that are dedicated to boating law enforcement that have been received and not spent as of December 2022 in the amount of \$69,411.

Other Funds

Commissioners Historic Program and Preservation: (105-999-010) \$23,902 restricted by statute to promote historical preservation or historical programs.

Performing Arts & Tourism: (106-999-010) \$304,652 restricted by statute to record use of Lodging tax proceeds.

Crime Victims & Witness Fund: (107-999-010) \$225,864 committed by resolution to record court fees dedicated to crime victims and witnesses.

Road Fund: (110-999-010) \$10,921,088 restricted to record road construction and maintenance.

Paths & Trails Fund: (115-999-030) \$298,517 committed by resolution to fund pathways for non-vehicle traffic.

Homelessness Fund: (121-999-010) \$1,540,134 committed by resolution to record document surcharge to relieve homelessness.

N.E.W. Alliance Counseling Services Fund: (122-000-010) \$10,436,638 committed by resolution. The advanced working capital from the Department of Social & Health Services in the amount of \$80,091 is restricted by the statutory requirements for Developmental Disabilities Services.

Very-Low Income Housing Fund: (123-999-010) \$363,165 committed by resolution to provide facilities and assistance for low-income citizens in need of housing. It is funded by recorded document surcharge.

Veteran's Relief Fund: (124-999-010) \$179,142 committed by resolution to require a portion of real property tax revenue be available to assist honorable discharged veterans in need.

Law Library Fund: (125-999-010) \$67,793 committed by resolution to maintain library of law reference materials. It is funded by required court fees.

Auditor O&M Fund: (126-999-010) \$421,209 restricted by statute to maintain and preserve county documents. It is funded by recorded document surcharges.

HAVA 3 Elections Security Fund: (127-999-010) \$62,853 restricted by statute was a new fund in 2020 and is reserved by grant stipulations for Elections Security.

Northeast Washington Fair Fund: (128-999-001) \$79,905 restricted by statute to record state funds for the County's fair.

Treasurer's O&M Fund: (129-999-010) \$61,827 restricted by statute related to property foreclosure and is funded by foreclosure fees.

Weed Control Fund: (130-999-010) \$156,726 committed by resolution to address noxious weed control in the county included in that amount is \$30,000 reserved by budget resolution 122-2019 for vehicle

replacement. No vehicle purchase was made in 2022. It is funded by special assessment of property owners.

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

Deer Lake (formed in 2016) (180-999-010)	\$ 13
Deer Lake (formed 2021) (183-999-010)	\$ 9,628
Little Pend Oreille (formed in 2013) (131-801-010)	\$ 834
Little Pend Oreille (formed in 2018) (182-999-010)	\$ 43,655
Loon Lake (formed in 2018) (181-999-010)	\$ <u>122,988</u>
Total Committed	
	\$ <u>177,118</u>

Family Law Court Facilitator Fund: (133-999-010) \$27,861 committed by resolution for child custody resolution. Fees are collected through Superior Court fees and marriage licenses.

Guardian Facilitator Fund: (139-999-010) \$812 committed by resolution to facilitate the resolution of guardianship matters. It is funded by required Superior Court fees.

Drug Investigation Fund: (140-999-010) \$83,221 restricted by statute and funded by court fees to combat only drug-related crimes.

State Drug Fund: (141-999-010) \$100,946 restricted by statute to address drug specific crime prevention. It is funded by state proceeds from drug related convictions.

Sheriff Federal Drug: (142-999-010) \$36,990 restricted by statute to address drug specific crime prevention. It is funded by federal proceeds from drug related convictions.

Emergency Communications Fund: (145-999-010): \$615,623 committed to record 911 communications for the County.

Inmate Welfare Fund: (150-999-010) \$39,105 committed by resolution for products and services available to jail inmates.

County Vehicle Replacement Fund: (155-999-010) \$396,089 committed by resolution to manage the replacement of vehicles associated with the County Current Expense fund.

Trial Court Improvement Fund: (160-999-010) \$18,495 committed by resolution for the maintenance and improvement of district and superior court operations. It is funded by the state.

R.E.E.T Electronic Technology Fund: (165-999-010) \$68,122 restricted by statute to improve the receipting of state and local real estate excise tax. It is funded by a portion of the real estate excise tax assessments.

American Rescue Plan Act 2021 Fund (191-999-010) \$5,974,243 is restricted by statute for allowable activities spelled out in the US Treasury guidance and includes the Local Assistance and Tribal Consistency grant received from U.S. Treasury.

Current Expense G.O. Bond Fund: (201-999-040) \$24,128 is committed by resolution for principal and interest payments on county debt.

Capital Projects Fund: (305-999-010) \$3,377,186 committed by resolution for the capital needs of the county. It is funded by a portion of the state real estate excise tax designated only for capital projects.

Public Facilities Fund: (306-999-010) \$2,491,891 committed by resolution for public facility projects and activities related to county economic development. It is funded by a portion of the state sales tax collections returned to the county.

Sheriff Ambulance: (405-999-010) \$80,921 committed by resolution for operations and to address capital and vehicle needs of the Ambulance service. Included in that amount is \$150,000 that is reserved by the budget resolution for the purchase of a new ambulance. It is supported by client fees and grants. No County funds are involved.

Solid Waste: (410-999-010 through 413-999-010) \$3,602,901 (Funds 412 & 413) restricted by statute to provide for the closing and post-closure costs of county solid waste landfills. The remaining \$919,221 (Fund 410) is committed for solid waste operations. The transfers in and transfers out are netted in statements in the amount of \$113,924 also netting in the statements is a interfund loan from Post-Closure to Solid Waste in the amount of \$500,000.

The Solid Waste beginning and ending restricted cash include the funds held solely for the closure and post-closure of the current landfill site and their use is restricted solely for those two purposes. The Solid Waste Fund 410, Landfill Closure 412 and Landfill Post Closure 413 have been combined in the C-4 financial statement. The 2022 activity of the Closure and Post-Closure portion of the Solid Waste Fund is as follows and shows the transfer between these funds which are netted in the financial statements.

Funds 410-413	Landfill (410)	Closure (412)	Post-Closure (413)	Total
Beginning Cash	\$ 1,236,422	\$ 2,229,087	\$ 1,160,709	\$ 4,626,218
Revenue	\$ 4,121,354			\$ 4,121,354
Investment Income		\$ 36,676	\$ 11,482	\$ 48,158
Interest Income	\$ 17,839		\$ 3,562	\$ 21,401
Loan issued to Solid Waste	\$ (500,000)			\$ (500,000)
Transfers in/out from S.W.	\$ (113,927)	\$ 50,370	\$ 63,557	\$ -
Loan payment from 911			\$ 47,458	\$ 47,458
Expenditures	\$ (3,842,467)			\$ (3,842,467)
Ending Cash	\$ 919,221	\$ 2,316,133	\$ 1,286,768	\$ 4,522,122

Equipment Rental & Revolving: (501-999-010) \$1,403,117 committed by resolution to be used as a revolving fund for the purchase, maintenance, and repair of county road department equipment.

Information Systems: (510-999-010) \$632,064 committed by resolution to provide information technology to the County. This internal service fund can also provide services to special purpose districts and other entities as entered into by contract.

Insurance Service (520-999-010) \$140,468 committed by resolution for possible future cost of the county's self-insured unemployment costs.

Health Insurance: (530-999-010) \$465,325 committed by resolution for medical insurance payments made from this fund and reimbursed by county funds as prescribed by resolution 71-2016. If this fund dissolves, the money will revert to Current Expense.

NOTE 2 – BUDGET COMPLIANCE

The County adopts annual appropriated budgets for all County funds. Annual appropriation for these funds lapse at the fiscal year end. Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting. The budget constitutes the legal authority for expenditures at the level as prescribed by Policy # 7-2021:

“The County will maintain a budgetary control system to help it adhere to the budget. The budget is reviewed at the line-item level and is adopted at the Department level; with the exception of the American Recovery (sic) Plan Act (ARPA) Fund, which is adopted at the fund level.”

American Rescue Plan Act 2021 Fund is adopted at the Fund level for ease of Federal reporting.

Solid Waste's budget shows an operating transfer out of \$113,924 that is not reflected in the statements and the Solid Waste closure and post closure funds show operating transfers in of \$113,924. These funds are rolled up in the statements which eliminate the transfers.

Below are the Fund/Department, Final Appropriated, Actual Expenditures and Variance.

CURRENT EXPENSE

001	General Government	Expenditures	Budget	Variance
	Total 020	1,317,055	1,324,164	7,109
	Accumulated Employee Severance			
	Total 040	74,767	120,000	45,233
	Assessor			
	Total 060	1,298,117	1,382,088	83,971
	Auditor			
	Total 080	1,142,069	1,188,493	46,424
	Blake			
	Total 095	202,213	197,556	(4,657)
	Child Advocate Program			
	Total 130	105,103	113,155	8,052
	Clerk Superior Court			
	Total 160	771,212	870,517	99,305
	Commissioners			
	Total 180	1,017,280	1,912,551	895,271
	Coroner			
	Total 220	287,337	317,585	30,249

Court Room Support	Expenditures	Budget	Variance
Total 230	253,685	302,688	49,003
District Court			
Total 240	1,224,472	1,469,602	245,130
Elections			
Total 250	450,906	594,566	143,660
Emergency Management			
Total 255	242,889	222,805	(20,084)
WSU Extention Office			
Total 260	135,297	209,586	74,289
Facilities			
Total 280	791,659	821,470	29,811
Fair Facilities			
Total 290	432,174	428,719	(3,455)
Family Court Investigator			
Total 293	10,468	15,525	5,057
Human Resource Management			
Total 295	201,949	240,063	38,114
Juvenile Services			
Total 300	349,561	382,784	33,223
Juvenile Facilities			
Total 310	422,025	421,575	(450)
LEOFF Retirement Pension Board			
Total 320	7,793	8,800	1,007
Land Services			
Total 340	1,370,475	1,536,682	166,207
Prosecuting Attorney			
Total 360	1,945,047	2,346,282	401,235
Public Defense			
Total 370	163,053	317,187	154,134
Public Health			
Total 380	407,663	407,726	63
Sheriffs Office			
Total 400	6,276,302	6,551,934	275,633
Sheriffs Jail			
Total 420	2,114,116	2,324,462	210,346

Sheriffs Jail				
Total 420	2,114,116	2,324,462	210,346	
Superior Court				
Total 440	701,773	718,246	16,473	
County Indigent Defense				
Total 450	710,429	896,100	185,671	
Therapeutic Drug Court				
Total 455	86,009	99,640	13,631	
Treasurer				
Total 460	572,708	631,023	58,315	
Veterans Service Department				
Total 499	187,433	211,595	24,162	
Summary of Current Expense				
Totals	25,264,657	28,585,168	3,320,511	
Ending Fund Balance			8,517,135	

SPECIAL REVENUE FUNDS

105	Performing Arts/Tourism/Etc Fund	Expenditures	Budget	Variance
	Totals	-	20,000	20,000
	Ending Fund Balance			23,902
106	Performing Arts/Tourism/Etc Fund	Expenditures	Budget	Variance
	Totals	33,247	70,000	36,753
	Ending Fund Balance			304,652
107	Crime Victims & Witness Fund	Expenditures	Budget	Variance
	Totals	3,077	40,000	36,923
	Ending Fund Balance			225,864
110	Road Fund	Expenditures	Budget	Variance
	Totals	12,709,750	19,601,954	6,892,204
	Ending Fund Balance			10,921,088
115	Paths & Trails	Expenditures	Budget	Variance
	Totals	-	-	-
	Ending Fund Balance			298,517
121	Homelessness Fund	Expenditures	Budget	Variance
	Totals	280,052	525,200	245,148
	Ending Fund Balance			1,540,134
122	New Alliance Counseling Services Fund	Expenditures	Budget	Variance
	Totals	13,913,138	16,452,028	2,538,890
	Ending Fund Balance			10,516,729

123	Very Low Income Housing Fund	Expenditures	Budget	Variance
	Totals	-	100,000	100,000
	Ending Fund Balance			363,165
124	Veterans Relief Fund	Expenditures	Budget	Variance
	Totals	39,271	59,100	19,829
	Ending Fund Balance			179,142
125	Law Library Fund	Expenditures	Budget	Variance
	Totals	3,230	4,124	894
	Ending Fund Balance			67,793
126	Auditor's O&M Fund	Expenditures	Budget	Variance
	Totals	116,395	376,200	259,805
	Ending Fund Balance			421,209
127	Elections Fund	Expenditures	Budget	Variance
	Totals	1,475	63,000	61,525
	Ending Fund Balance			62,853
128	Northeast Washington Fair Fund	Expenditures	Budget	Variance
	Totals	92,894	170,978	78,084
	Ending Fund Balance			79,905
129	Treasurers O&M Fund	Expenditures	Budget	Variance
	Totals	49,686	66,500	16,814
	Ending Fund Balance			61,827
130	Weed Control Fund	Expenditures	Budget	Variance
	Totals	230,509	267,508	36,999
	Ending Fund Balance			156,726
131	Lake Management Districts	Expenditures	Budget	Variance
	Totals	808	-	(808)
	Ending Fund Balance			834
133	Family Law Court Facilitator	Expenditures	Budget	Variance
	Totals	9,680	10,381	701
	Ending Fund Balance			27,861
138	Deer Lake Management District 1-2011	Expenditures	Budget	Variance
	Totals	5	-	(5)
	Ending Fund Balance			-
139	Guardianship Facilitator Fund	Expenditures	Budget	Variance
	Totals	1,050	1,800	750
	Ending Fund Balance			812

140	Drug Investigation Fund	Expenditures	Budget	Variance
	Totals	11,441	81,368	69,927
	Ending Fund Balance			83,221
141	Sheriff State Drug Forfeiture Fund	Expenditures	Budget	Variance
	Totals	3,718	39,600	35,882
	Ending Fund Balance			100,946
142	Sheriff Federal Drug Forfeiture Fund	Expenditures	Budget	Variance
	Totals	-	36,500	36,500
	Ending Fund Balance			36,990
145	Emergency Communications Fund	Expenditures	Budget	Variance
	Totals	1,943,995	2,007,637	63,643
	Ending Fund Balance			615,623
150	Inmate Welfare Fund	Expenditures	Budget	Variance
	Totals	16,850	50,000	33,150
	Ending Fund Balance			39,105
155	CE Vehicle Replacement Fund	Expenditures	Budget	Variance
	Totals	68,253	400,000	331,747
	Ending Fund Balance			396,089
160	Trial Court Improvement Fund	Expenditures	Budget	Variance
	Totals	46,486	100,567	54,081
	Ending Fund Balance			18,495
165	REET Electronic Technology Fund	Expenditures	Budget	Variance
	Totals	-	25,000	25,000
	Ending Fund Balance			68,122
180	Deer Lake Management District 1-2016	Expenditures	Budget	Variance
	Totals	474	5,000	4,526
	Ending Fund Balance			13
181	Loon Lake Milfoil 1-2018	Expenditures	Budget	Variance
	Totals	53,241	80,000	26,759
	Ending Fund Balance			122,988
182	Little Pend Oreille Milfoil 2-2018	Expenditures	Budget	Variance
	Totals	5,793	20,000	14,207
	Ending Fund Balance			43,655
183	Deer Lake Milfoil - 2021	Expenditures	Budget	Variance
	Totals	21,886	18,082	(3,804)
	Ending Fund Balance			9,628

191	ARPA	Expenditures	Budget	Variance
	Totals	2,479,684	6,544,265	4,064,581
	Ending Fund Balance			5,974,243
	DEBT SERVICE FUNDS			
201	Current Expense GO Bond Fund	Expenditures	Budget	Variance
	Totals	38,975	49,365	10,390
	Ending Fund Balance			24,128
	CAPITAL PROJECTS FUNDS			
305	General Capital Projects Fund	Expenditures	Budget	Variance
	Totals	178,095	880,795	702,700
	Ending Fund Balance			3,377,186
306	Public Facilities (Ref 49) Fund	Expenditures	Budget	Variance
	Totals	290,683	909,976	619,293
	Ending Fund Balance			2,491,891
	ENTERPRISE FUNDS			
405	Sheriff Ambulance Fund	Expenditures	Budget	Variance
	Totals	1,814,240	2,224,708	410,469
	Ending Fund Balance			80,921
410	Solid Waste	Expenditures	Budget	Variance
	Totals	3,842,469	9,132,295	5,289,826
	Ending Fund Balance			4,522,119
	INTERNAL SERVICE FUNDS			
501	Equipment Rental & Revolving Fund	Expenditures	Budget	Variance
	Totals	7,169,334	10,058,538	2,889,204
	Ending Fund Balance			1,403,117
510	Information Services Fund	Expenditures	Budget	Variance
	Totals	2,965,746	2,989,079	23,333
	Ending Fund Balance			632,064
520	Insurance Services Fund	Expenditures	Budget	Variance
	Totals	1,994,156	1,984,180	(9,975)
	Ending Fund Balance			140,468
530	Health Insurance Fund	Expenditures	Budget	Variance
	Totals	2,561,024	3,000,000	438,976
	Ending Fund Balance			465,325

Revisions that affect the number of authorized employee positions, salary ranges, hours or other conditions of employment must be approved by the County legislative body. This is accomplished

through a budget transfer or a resolution. As such, the County legislative authority approved the following resolutions on the indicated dates:

43-2022 on April 25, 2022

87-2022 on August 23, 2022

141-2022 on December 27, 2022

Budget transfers within a fund may be made on the request of the department head; the County legislative body is updated monthly by the Auditor's Office on any transfers.

NOTE 3 – JOINT VENTURES, COMPONENT UNIT(S) AND RELATED PARTIES

MARTIN HALL

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

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

The nine (9) counties' interest in the facilities, improvements and property comprising Martin Hall, and in any profits/losses are equal to the allocations on a pro rata basis previously set forth in Resolution No. 1-1996. Each county has facility use rights which are a specific number of physical beds placed in the housing units in the facility building. Stevens County's share is 7 beds of the total allocated 27 beds or 25.926%. It takes a unanimous vote of all of the Boards of Commissioners from participating counties to dissolve this venture and each member county would receive their proportionate share of any funds in excess or cost associated with dissolution. The annual budget is prepared by the Martin Hall Board and each county votes to approve the final budget annually. The Martin Hall Operating fund (for year ending December 31st, 2022) had a beginning unreserved net cash and investments amount of \$886,390 and an ending unreserved net cash and investments amount of \$672,272. Lincoln County is the contracted custodian of funds and prepares the financial statements and notes for the facility.

TRI COUNTY ECONOMIC DEVELOPMENT DISTRICT

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

NETCHD

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

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

Northeast Tri-County Health District's budget is supported by Stevens, Ferry, and Pend Oreille Counties, as well as other programs and grants. NETCHD acts as their own funding agent with fund disbursements handled by Stevens County in accordance with RCW 70.46.080. The NETCHD board sets the budget annually in November. The allocation of expenses is based on a formula of property tax value of each county. Stevens County's portion of the total expenses for 2022 was 12.24%. If the venture were to dissolve, six-month notice is required. Following the requirements of RCW 70.46.090, no withdrawal will entitle any member to a refund for any monies paid to the District nor relieve it of any obligations to pay the District all sums for which it obligated itself due and owing by it to the District for the year at the end of which the withdrawal is to be effective. Stevens County direct funding level for 2022 is \$400,226 towards the NETCHD 2022 budget total of \$3,269,210.

TRI-COUNTY JUDICIAL DISTRICT

In 2020, Stevens County along with Ferry and Pend Oreille Counties entered into an agreement to share the costs associated with Superior Court services within the three counties. Stevens County acts as the fiscal agent for some of the services. Ferry and Pend Oreille Counties reimburse Stevens County for their respective prorated share of these costs.

NOTE 4 – COVID-19 PANDEMIC

In February 2020, the Governor of the State of Washington declared a state of emergency in response to the spread of COVID-19. Precautionary measures to slow the spread of the virus continued throughout 2021. These measures included limitations on business operations, public events, gatherings, travel, and in-person interactions.

The County proactively implemented safety measures, and operations have continued with most staff working in person with some remote work during 2022. Management continues to monitor the situation for any operational or financial effects and is ready to respond appropriately as needed. To date, the County has not experienced any substantial financial impacts due to the pandemic that have not been mitigated by other funding sources (American Rescue Plan lost revenue, for instance). In addition, protected COVID leave (isolation/quarantine leave that did not deplete an employee's regular sick leave or PTO) was a policy until September 30, 2022.

The length of time these measures will continue to be in place, and the full and final extent of the financial impact on the County is unknown at this time, however the impact remained noteworthy in 2022, and may have ongoing effects.

NOTE 5 – DEPOSITS AND INVESTMENTS

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

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

Investments are reported at original cost, per County policy. Investments by type at December 31, 2022 were held as follows:

	C4	C5	Total
LGIP	60,073,823	33,534,060	93,607,883
Outside District Loans	216,530	(216,530)	-
US Bank		6,463,047	6,463,047
Key Bank	331,965	7,101,551	7,433,516
External Accounts	-	442,129	442,129
	60,622,318	47,324,257	107,946,575
Open Period and Outstanding Items	(6,046,843)	(3,898,539)	(9,945,383)
Tax Overpayments outstanding	(46,908)		(46,908)
Petty Cash	26,099	4,000	30,099
Deposits not in C-4/C-5	(142,715)		(142,715)
CE offage - prior year correction		67,818	67,818
Bank Transaction not in Financial System	1,338		1,338
2023 Expense posted in wrong year	3,198		3,198
EFTPS in trust for IRS		(473,585)	(473,585)
RETIREMENT in trust for DRS		909	909
	54,416,487	43,024,860	97,441,346

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

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

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

Custodial Credit Risk

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

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

NOTE 6 – EXTERNAL INVESTMENT POOL

The External Investment Pool sponsored by the County was established in 1986 (LGIP). 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 periodic basis, generally at least once per quarter, though more frequently as needs arise. 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 \$636,790. 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.

One hundred percent of the County Treasurer's Pool consists of these involuntary participants. The deposits held for involuntary entities are included in the External Investment Pool - Custodial Fund. The Treasurer does not maintain Individual Investment Accounts, as directed by external depositors, which are invested pursuant to the Revised Code of Washington.

NOTE 7 – INTERFUND LOANS AND ADVANCES

There is an Interfund loan within County Funds that began in 2020 in the amount of \$240,000 from the

Landfill Post Closure Fund to the Emergency Communications Fund. Payments made in 2022 totaled \$47,458. The purpose of the loan is to fund the replacement of dispatch equipment. Resolution No. 35-2020. There was an interfund loan within Solid Waste from Post-Landfill Closure to Solid Waste in the amount of \$500,000, which was used to repair equipment. These two funds are rolled up and are reported as one fund.

Borrowing Fund	Lending Fund	Balance 1/1/2022	New Loan	Repayment	Balance 12/31/2022
E-911	Landfill				
Comm.	Post Closure	\$ 170,123	\$ 0.00	\$ 47,458	\$122,665

NOTE 8 – LONG-TERM DEBT

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the county and summarizes the County's debt transactions through December 31, 2022. This note does not include the pension liability, compensated absences, Land Fill closure and post closure (See note 12), or the DSHS advance. The debt service requirements for general obligation bonds, revenue bonds and other debt, including both principal and interest, as well as a Copier Lease are as follows:

Year	Principal	Interest	Total
2023	213,104	17,980	231,084
2024	192,212	15,800	208,011
2025	169,912	13,611	183,522
2026	37,951	11,288	49,239
2027	38,221	9,518	47,739
2028-2032			
2028-2032	210,494	51,946	262,440
2033	10,048	342	10,389
	871,941	120,485	992,426

NOTE 9 – OTHER POST EMPLOYMENT BENEFITS (OPEB Plans)

The LEOFF 1 Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by the County as required by RCW 41.26. The plan pays for 100% of eligible retiree's healthcare costs on a pay-as-you-go basis. As of December 31, 2022, the plan has one (1) retired member. The total OPEB Liability was \$471,298 at December 31, 2022, using the alternative measurement method (provided by the Office of the State Actuary).

NOTE 10 – PENSION PLANS

A. State Sponsored Pension Plans

Substantially all Stevens County full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of

Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The county participates in the Public Employees' Retirement System (PERS), Public Safety Employees Retirement System (PSERS), and Law Enforcement Officers and Fire Fighters' Retirement System (LEOFF).

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

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

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

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

At June 30, 2022 the County's proportionate share of the collective net pension liabilities as reported on the Schedule 09 was as follows.

	Employer Contributions	Allocations %	Liability (Asset)
PERS 1	\$810,343	0.132223	\$3,681,574
PERS 2/3	\$1,331,790	0.165775	(\$6,148,232)
PSERS 2	\$50,859	0.114961	(\$82,197)
LEOFF 1	NA	0.007859	(\$225,444)
LEOFF 2	\$137,831	0.066575	(\$1,809,307)

LEOFF Plan 1

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

LEOFF Plan 2

The County also participates in the LEOFF Plan 2. The Legislature, by means of a special funding arrangement, appropriates money from the state general fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the

Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding is not mandated by the state constitution and could be changed by statute.

NOTE 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 tax is levied.

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

Stevens County's regular tax levy rate for 2022 was \$1.340774 per \$1,000 on an assessed valuation of \$5,195,870,192 for a total Current Expense, Mental Health, Disability and Veterans levy of \$6,966,488. This includes a levy shift from Road to Current Expense in the amount of \$150,000.

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

The County Road levy for 2022 was \$1.507383 per \$1,000 of an assessed valuation of \$4,306,976,383 for a total Road levy of \$6,492,263. This net amount reflects a levy shift from Road to Current Expense in the amount of \$150,000.

NOTE 12 - RISK MANAGEMENT

Stevens County is a member of the Washington Rural Counties Insurance Program (WRCIP). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire, or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The program was formed on September 1, 1998, when three counties in the state of Washington joined together by signing an Interlocal Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of November 30, 2022, membership includes 10 members 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, Crime Protection, and Liability: including General, Automobile, Wrongful Acts, and Cyber, which are included to fit the member's various needs.

The program acquires reinsurance 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 \$350,000.

Members are responsible for a \$1,000 to \$10,000 deductible for each claim, while the program is responsible for the \$350,000 SIR. Since the program is a cooperative program, there is joint liability among the participating members toward the sharing of the \$350,000 SIR, 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 \$2,294,392 which is fully funded in its annual budget.

Property insurance is subject to a per occurrence SIR of \$350,000. Members are responsible for a \$1,000 to \$50,000 per occurrence deductible. The program bears the \$350,000 SIR, in addition to the deductible.

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

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.

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 funded by its member participants and has no employees. Claims are filed by members/brokers with Clear Risk Solutions, who has been contracted to perform program administration, underwriting, claims adjustment, and loss prevention for the program. Fees paid to the third-party administrator under this arrangement for the policy year ending December 1, 2022, were \$1,374,947.58.

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.

NOTE 13 – OTHER DISCLOSURES

Lake Management Districts

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

Hunters Water District

A lack of expertise and subsequent turnover among Hunters Water District commissioners (including a brief period of a defunct Hunters Water District Board, which was remedied by an appointment to a

vacancy by the Stevens County Board of County Commissioners), resulted in heavy reliance on Belsby Engineering engaged as an administrator for the project(s) associated with this grant. It was discovered that a subrecipient agreement was lacking and there were questions about certain expenditures, which led to a heavy involvement by the BOCC and their clerks.

In 2023, the Stevens County Board of County Commissioners (BOCC) Clerks are handling the grant directly, upon mutual agreement with the Hunter Water District board. The Stevens County BOCC is working closely with the Washington State Department of Commerce, as well as other agencies including Stevens County PUD, Northeast Washington Health District, USDA Rural Development and the EPA, on necessary amendments and revisions to the grant, to repurpose the funds to ensure water quality for the residents reliant on this water system.

Blake Decision

On February 25th, 2021, the State of Washington's Supreme Court ruled that Washington's strict liability drug possession statute, which criminalized unintentional, unknowing possession of controlled substances without a prescription, unconstitutional. The bill allocated grant money to the Administrative Office of the Courts (AOC) to distribute funding to courts of limited jurisdiction across the state for therapeutic courts. Very little direction was given about how that money could be spent. There is currently no statewide funding for a tracking mechanism for diversions or LEO contacts with individuals subject to diversion. This tracking is required in the bill. The County does not have the necessary information to make an estimate of any potential liability to the County. We are anticipating some engagement with the Blake Refund Bureau within the Administrative Office of the Courts in mid-2023, but for 2022, a County drug court program resulted in some cases in a "suspended" status awaiting the successful completion of that program. The County has reported the refunds to affected defendants as though the liability rests with the State and not the County.

New Funds

144-999-010 – Opioid Settlement Fund was created in 2022 in anticipation of revenue. No revenue or expenditures in 2022.

Sheriff Ambulance

The Sheriff Ambulance service is approximately six to nine months behind in accounts receivable, due to turnover in key positions in their accounting department. The service also has increased expenditures over prior years due to the hiring of skilled paramedics that will allow the Sheriff Ambulance service to take a higher level critical advanced life support (ALS) service runs. Stevens County received grant funding to assist with COVID related expenditures and Current Expense has reimbursed the fund for COVID related vehicles and equipment purchased in prior years.

Differences in Fund Balances –

Beginning unassigned balance is adjusted by the reduction in restricted beginning cash and a scrivener error of \$347.

Special Purpose District (Non-county)

The TEDD beginning fund balances (\$1,893,739) are different than last year's (-\$110,164) reported ending fund balances. For the last three years TEDD, has had turnover in the finance manager position and has been unable to submit annual reports. TEDD reports financial activity on a GAAP basis and Stevens County reports financial activity on a Cash Basis. Stevens County's software does not allow to accurately report accruals and notes outstanding for TEDD's business needs. As a result, last year's

beginning balance was not correctly reported due to those accruals. This affects all TEDD funds; 660, 670 and 672. The ending balance for Fund 672 reflects notes receivable not captured in 2022. This is the explanation for the negative ending balance for 2022. We anticipate a correction for the 2023 annual report to a beginning balance of zero for TEDD fund 672.

Fund	2021 Ending	2022 Beginning	TEDD Beg Balance Increase
660	\$ (110,164)	\$ 272,582	\$ 382,746
670	\$ -	\$ 1,620,754	\$ 1,620,754
672	\$ -	\$ 402	\$ 402
Totals	\$ (110,164)	\$ 1,893,739	\$ 2,003,902

Budget

The budget policy in place in 2021 was determined to be overly restrictive, to the object code level. New budget policy for 2022 returned budget adoption to the departmental level. The effect was that there were far fewer budget overages in 2022, as compared to 2021. The overages in 2022 are as follows:

001-095-010 – State v. Blake department went over budget (\$4,657), particularly under the professional services object for 1st Appearances. This was a new program, and budgetary department, with a new funding source, through which expenditures were made by both the Public Defender Department and the Superior Court Clerk’s Office. In essence, many were involved in expending the departmental funds, but budgetary responsibility was not clear. This has been remedied by assigning budget responsibility to the grants administrator position beginning in 2023.

001-255-010 – Emergency Management went over budget (\$20,084), with the majority of that overage (\$19,949) occurring within the 13th month, however these expenditures were reimbursed by grant revenues.

001-290-010 -- Fair Facilities went over budget (\$3,455). Revenues for our annual rodeo were higher than expected. Fairgrounds manager did not realize that in order to expend the additional revenue, a budget extension was necessary. This has been addressed as a training issue.

001-310-010 – Juvenile Facilities went over budget (\$448), entirely due to an oversight of budgeting for phone services (which resulted in charges of \$450 for the year).

183-999-010 – Deer Lake Management District went over budget due to the fees charged by the Treasurer’s office (\$3,804), which were overlooked during budget adoption; however these fees are required by RCW 36.29.180. This budget overage did not deplete this fund’s cash.

CONTINGENCIES

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

One small disallowance was identified by the granting agency. Washington State Department of Commerce determined that a subrecipient had improperly paid back property taxes, and then requested reimbursement using grant funds from the county. The county paid out, and then subsequently requested repayment by the subrecipient. Repayment was received and accounted for in 2023.

LITIGATION

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

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

The removed County Commissioners appealed both the summary judgement and the costs associated with the suit. The Court of Appeals of the State of Washington Division III issued a ruling reversing the Superior Court decision; a request for review was delivered to the Washington State Supreme Court, but it was not taken up. In March, 2023 an order for restitution was entered returning the original judgement amount, and repayment went out on March 14, 2023. A claim relative to this case has been filed with the Stevens County Auditor.

Brett Lopes v. Stevens County. This is a wage complaint filed with the Department of Labor and Industries. This issue is on appeal within the Department. The potential cost to the county is \$34,205 plus attorney fees.

In a non-litigated dispute, a breach of contract situation between Alsco, Inc. and Stevens County Public Works, was settled and resolved by Stevens County paying to Alsco, Inc., the sum of \$90,000.

There is no other litigation at this time.

LANDFILL CLOSURE AND POST-CLOSURE ESTIMATES

Based on the engineering firm’s estimate, the County has the following liabilities associated with the closure of its landfills. These amounts were updated in 2015 to values determined by CH2MHill and have not been changed as of December 31, 2022, however balances reported previously were incorrectly rounded.

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

Note 14 – LEASES (LESSEES)

During 2022, Stevens County adopted guidance for the presentation and disclosure of leases, as required by the BARS manual. This requirement resulted in the addition of lease liability to be reported on the Schedule of Liabilities, schedule 09.

The County leases space on several communications towers located on mountain tops throughout the County for emergency communications. These leases include agreements with several vendors. These leases began in years 2019 through 2021 with terms 5 to 10 years in length. Some leases have automatic renewals where others require negotiation to renew. One lease is for communications equipment and is a lease to own and is included here.

The County entered into a five-year lease for copiers in 2019 which are used throughout the county. Review of this liability resulted in the need to update the beginning balance to reflect added copiers in prior years to the lease which increased beginning balance by \$3,223. Upon lease expiration, copiers will be replaced, and a new lease agreement will be entered into.

The total lease payments in 2022 was \$159,664. As of December 31, 2022, the future minimum lease payments are as follows:

<i>LEASE LIABILITY</i>	
<u>Year ended December 31</u>	<u>Total</u>
2023	\$ 163,934
2024	\$ 134,668
2025	\$ 122,095
2026	\$ 70,997
2027-2031	\$ 268,131
2032-2036	<u>\$ 125,680</u>
Total	\$ 885,504

**Stevens 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	Commissioner Building	12/1/2033	325,000	-	25,000	300,000
263.51	Motorola Simulcast #C-33-2021	2/1/2026	247,120	-	56,116	191,004
263.56	DNR Site Facility Lease #C-63-2021	4/30/2031	92,694	-	8,757	83,937
263.56	DNR Site Facility Lease #C-184-2019	8/9/2023	29,080	-	3,474	25,606
263.56	DNR Site Facility Lease #C-62-2021	4/30/2031	41,526	-	3,923	37,603
263.56	DNR Site Facility Lease #C-205-2019	1/31/2030	44,514	-	4,949	39,565
263.56	DNR Site Facility Lease #C-206-2019	1/31/2030	53,082	-	5,901	47,181
263.56	SBA Structure WA21139-A-13	3/31/2026	212,260	-	11,343	200,917
263.56	SBA Structure WA221271-A-12	3/31/2026	106,130	-	5,672	100,458
263.56	SBA Structure WA21139-A-09	12/31/2025	5,600	-	1,400	4,200
263.56	American Towers #298892	5/31/2026	39,478	-	2,434	37,044
263.56	Verizon-Flagstaff Mountain Lease Loc	6/30/2024	58,301	-	6,556	51,745
Total General Obligation Debt/Liabilities:			1,254,785	-	135,525	1,119,260
Revenue and Other (non G.O.) Debt/Liabilities						
264.40	Other Post-Employment Benefits		1,577,083	33,327	1,139,112	471,298
264.30	Net Pension Liabilities		1,539,830	2,141,744	-	3,681,574
263.84	Developmental Disabilities	12/31/2022	80,091	-	-	80,091
259.12	Compensated Absences		1,576,645	47,736	-	1,624,381
263.84	Fish Hatchery Complex	4/12/2033	100,987	-	6,956	94,031
263.88	Public Works Trust Fund	7/1/2025	548,889	-	137,222	411,667
263.22	Closure of Landfill		10,857,188	-	-	10,857,188
263.22	Landfill Post-closure costs		8,829,590	-	-	8,829,590
263.57	Copier Lease - 2022	6/1/2024	115,382	-	49,139	66,243
Total Revenue and Other (non G.O.) Debt/Liabilities:			25,225,685	2,222,807	1,332,429	26,116,063
Total Liabilities:			26,480,470	2,222,807	1,467,954	27,235,323

Stevens 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	-	-	155,416	155,416	-	1,3
	Total Forest Service Schools and Roads Cluster:			-	155,416	155,416	-	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Washington State Department of Commerce)	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	18-62210-036	12,750	-	12,750	12,750	1,3
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Washington State Department of Commerce)	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	21-62210-013 RR Pub Serv	88,600	-	88,600	-	1,3
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Washington State Department of Commerce)	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	20-6221C-125 NETCHD	119,104	-	119,104	-	1,3
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Washington State Department of Commerce)	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	20-6221C-125 RR	12,830	-	12,830	-	1,3
Total ALN 14.228:				233,284	-	233,284	12,750	

The accompanying notes are an integral part of this schedule.

Stevens 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		
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via Rural Resources Community Action)	Crime Victim Assistance	16.575	F19-31219-411 SHER 521067	12,504	-	12,504	-	1,3
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via Rural Resources Community Action)	Crime Victim Assistance	16.575	F20-31219-411 SHER 521067	12,504	-	12,504	-	1,3
			Total ALN 16.575:	25,008	-	25,008	-	
OFFICE ON VIOLENCE AGAINST WOMEN, JUSTICE, DEPARTMENT OF (via Rural Resources Community Action)	Violence Against Women Formula Grants	16.588	F21-31103-056 PROS	15,366	-	15,366	-	1,3
OFFICE ON VIOLENCE AGAINST WOMEN, JUSTICE, DEPARTMENT OF (via Rural Resources Community Action)	Violence Against Women Formula Grants	16.588	F21-31103-56 Sher VAWA- STOP 521030	16,222	-	16,222	-	1,3
			Total ALN 16.588:	31,588	-	31,588	-	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Bulletproof Vest Partnership Program	16.607		-	6,957	6,957	-	1,3
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Bulletproof Vest Partnership Program	16.607		-	1,027	1,027	-	1,3
			Total ALN 16.607:	-	7,984	7,984	-	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via Washington State Department of Commerce)	Edward Byrne Memorial Justice Assistance Grant Program	16.738	F19-31440-520 Sher 521620	16,467	-	16,467	-	1,3

The accompanying notes are an integral part of this schedule.

Stevens 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		
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via Bureau of Justice, Justice & Security Strategies)	Body Worn Camera Policy and Implementation	16.835	28851402	64,203	-	64,203	-	1,3
Highway Planning and Construction Cluster								
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	BRS-F334 (002)	42,751	-	42,751	-	1,3
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	STRP-E331 (005)	1,327	-	1,327	-	1,3
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	BHS-Z933(003)	640,741	-	640,741	-	1,3
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	BHOS-10BA (001)	78,932	-	78,932	-	1,3

The accompanying notes are an integral part of this schedule.

Stevens 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 Washington State Department of Transportation)	Highway Planning and Construction	20.205	HSIP-000S (577)	82,090	-	82,090	-	1,3
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	STRP-G333 (004)	3,862	-	3,862	-	1,3
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	STRP-C331 (002)	19,571	-	19,571	-	1,3
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	BROS-33GC (001)	2,087	-	2,087	-	1,3
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	BROS-2033 (027)	697	-	697	-	1,3
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	HSIP-000S (646)	7,898	-	7,898	-	1,3

The accompanying notes are an integral part of this schedule.

Stevens 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		
	Total Highway Planning and Construction Cluster:			879,956	-	879,956	-	
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Military Department)	E-911 Grant Program	20.615	E21-192	39,734	-	39,734	-	1,3
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Washington State Health Care Authority)	COVID 19 - Coronavirus Relief Fund	21.019	AppleHealth70- Cost outlier	191,796	-	191,796	-	1,3
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027		-	2,458,654	2,458,654	-	1,3
ELECTION ASSISTANCE COMMISSION, ELECTION ASSISTANCE COMMISSION (via Washington Secretary of State)	2018 HAVA Election Security Grants	90.404	IG-6952	1,150	-	1,150	-	1,3
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Dept. of Social and Health Services)	Child Support Enforcement	93.563	2163-321130 Court Comm.	6,040	-	6,040	-	1,2,3
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS)	Child Support Enforcement	93.563	2110-80609 - Pros	110,154	-	110,154	-	1,2,3

The accompanying notes are an integral part of this schedule.

Stevens 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		
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS)	Child Support Enforcement	93.563	2163-321130 Clerk	54,847	-	54,847	-	1,2,3
			Total ALN 93.563:	171,041	-	171,041	-	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS)	Block Grants for Community Mental Health Services	93.958	22ASO2623	96,660	-	96,660	-	1,3
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	22ASO2623	124,715	-	124,715	-	1,3
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Dept.)	Emergency Management Performance Grants	97.042	E22-233 525208 Emer Man	14,205	-	14,205	14,205	1,3
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Emergency Management Performance Grants	97.042	E22-2022 525209 Emer Man	15,637	-	15,637	-	1,3
			Total ALN 97.042:	29,842	-	29,842	14,205	

The accompanying notes are an integral part of this schedule.

Stevens 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 Spokane County Emergency Management)	Homeland Security Grant Program	97.067	E20-066 525158 Emer Man	35,952	-	35,952	-	1,3
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Spokane County Emergency Management)	Homeland Security Grant Program	97.067	E21-086 525159 Emer Man	39,817	-	39,817	-	1,3
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Spokane County Emergency Management)	Homeland Security Grant Program	97.067	E22-124 525161 Emer Man	16,408	-	16,408	-	1,3
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Homeland Security Grant Program	97.067	E20-212 Sher 521560	44,101	-	44,101	-	1,3
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Homeland Security Grant Program	97.067	E21-197 Sher 521600	57,030	-	57,030	-	1,3
Total ALN 97.067:				193,308	-	193,308	-	
Total Federal Awards Expended:				2,098,752	2,622,054	4,720,806	26,955	

The accompanying notes are an integral part of this schedule.

Stevens County

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2022

Note 1 – Basis of Accounting

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

Note 2 – Federal De Minimis Indirect Cost Rate

The County elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance during 2022.

Note 3 – Program Costs

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

Wes McCart
District No. 1

Mark Burrows
District No. 2

Greg Young
District No. 3



Jonnie R. Brown
Clerk of the Board

Tammi Renfro
Assistant Clerk of the Board

Tonya Schuerman
Administrative Assistant

Mailing Address: 215 South Oak St., Colville, WA 99114-2861
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CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED UNDER UNIFORM GUIDANCE

Stevens 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 procurement, suspension and debarment requirements.
Name, address, and telephone of County contact person: Jill Jacobs, Chief Deputy Auditor (509) 684-7511 215 S. Oak Street Colville, WA 99114	
Corrective action the auditee plans to take in response to the finding: <i>1) The County has drafted and adopted Resolution 85-2023 on July 17, 2023, addressing the federal procurement standards recommendation.</i> <i>2) A staff member took training on federal procurement standards and processes related to FEMA recovery efforts after a disaster and has shared the documents and training aids with staff that do federal procurement. Further, review with several staff was done related to this training to beef up internal knowledge and controls.</i> <i>3) The County has trained staff on proper documentation and retention of documentation on suspension and disbarment. Further, the County is currently working on an internal policy on this subject. We expect to have this policy complete and adopted by May 31, 2024.</i>	
Anticipated date to complete the corrective action: May 31, 2024	

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.

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