



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Ferry County

For the period January 1, 2023 through December 31, 2023

Published June 20, 2025

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

June 20, 2025

Board of Commissioners
Ferry County
Republic, Washington

Report on Financial Statements

Please find attached our report on Ferry County's financial statements.

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

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**Ferry County
January 1, 2023 through December 31, 2023**

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

Audit Period: 2022	Report Reference No.: 1033799	Finding Ref. No.: 2022-001	ALN(s): 21.027
Federal Program Name and Granting Agency: U.S. Department of the Treasury		Pass-Through Agency Name: N/A	
Finding Caption: The County’s internal controls were inadequate for ensuring compliance with federal suspension and debarment requirements.			
Background: Our audit found the County’s controls were ineffective for ensuring that it verified the suspension and debarment status of contractors receiving \$25,000 or more, all or in part with federal funds. The County did not obtain a written certification, include a clause in the contract, or search for exclusion records in SAM.gov to verify that one contractor subject to this requirement was not suspended or debarred before entering into the contract or charging costs to the federal award. The County paid this contractor \$33,832 in fiscal year 2022. Without this verification, the County increases its risk of providing federal funds to contractors that are excluded from participating in federal programs. Any payments made to an ineligible party would be unallowable, and the federal grantor could potentially recover them. We subsequently verified the contractor was not suspended and debarred, so we did not question the costs.			

Status of Corrective Action: (check one)			
<input type="checkbox"/> Fully Corrected	<input type="checkbox"/> Partially Corrected	<input checked="" type="checkbox"/> Not Corrected	<input type="checkbox"/> Finding is considered no longer valid
Corrective Action Taken:			
<i>The County has requested that all staff handling federal awards familiarize themselves with our procurement policy and federal procurement standards prior to the expenditure of federal awards. As of yet, we have not implemented an official training schedule.</i>			

Audit Period: 2022	Report Reference No.: 1033799	Finding Ref. No.: 2022-002	ALN(s): 21.027
Federal Program Name and Granting Agency: U.S. Department of the Treasury		Pass-Through Agency Name: N/A	
Finding Caption:			
The County charged costs to the Coronavirus State and Local Fiscal Recovery Funds program that did not comply with federal regulations.			
Background:			
Federal regulations authorize recipients to award SLFRF funds to people or entities who experienced the negative economic or health-related effects of the pandemic. However, these regulations restrict recipients from using program funds to pay principal or interest on outstanding debt because debt service costs do not constitute the provision of services to constituents.			
The County provided \$30,000 in program funds to another local government, which used \$25,259 of it to pay debt service costs. This does not constitute an authorized use of program funds, so we are questioning these costs.			
Status of Corrective Action: (check one)			
<input checked="" type="checkbox"/> Fully Corrected	<input type="checkbox"/> Partially Corrected	<input type="checkbox"/> Not Corrected	<input type="checkbox"/> Finding is considered no longer valid
Corrective Action Taken:			
<i>The County now requires that local governments sign an interagency agreement acknowledging restrictions on the use of funds prior to pass-through of state or federal awards.</i>			

INDEPENDENT AUDITOR'S REPORT

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

Ferry County January 1, 2023 through December 31, 2023

Board of Commissioners
Ferry County
Republic, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Ferry County, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County's financial statements, and have issued our report thereon dated June 16, 2025.

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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

We noted certain other matters that we have reported to the management of the County in a separate letter dated June 16, 2025.

REPORT ON COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

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

Pat McCarthy, State Auditor

Olympia, WA

June 16, 2025

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Ferry County January 1, 2023 through December 31, 2023

Board of Commissioners
Ferry County
Republic, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of Ferry County, as of and for the year ended December 31, 2023, and the related notes to the financial statements, as listed in the financial section of our report.

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

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash and investments of Ferry County, and its changes in cash and investments, for the year ended December 31, 2023, on the basis of accounting described in Note 1.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion, they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Ferry County, as of December 31, 2023, or the changes in financial position or cash flows thereof for the year then ended, because of the significance of the matter discussed below.

Basis for Unmodified and Adverse Opinions

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

Matter Giving Rise to Adverse Opinion on U.S. GAAP

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. As described in Note 1 of the financial statements, the financial statements are prepared by the County in accordance with state law using accounting practices prescribed by the BARS Manual, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of state law and the BARS Manual described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time; and
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County's financial statements. The Schedule of Liabilities is presented for purposes of additional analysis, as required by the prescribed BARS manual. This schedule is 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 June 16, 2025 on our consideration of the County's internal control over financial reporting and on the tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

Pat McCarthy, State Auditor

Olympia, WA

June 16, 2025

Ferry County
January 1, 2023 through December 31, 2023

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2023
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2023
Notes to Financial Statements – 2023

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2023

Ferry County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2023

		<u>Total for All Funds (Memo Only)</u>	<u>001 Current Expense</u>	<u>101 COUNTY ROAD</u>	<u>102 Drug Abuse</u>
Beginning Cash and Investments					
308	Beginning Cash and Investments	12,415,199	6,968,459	814,602	56,743
388 / 588	Net Adjustments	(40,405)	798	-	-
Revenues					
310	Taxes	4,495,993	2,444,076	1,626,480	-
320	Licenses and Permits	56,545	53,045	3,500	-
330	Intergovernmental Revenues	11,427,295	4,832,197	5,672,781	-
340	Charges for Goods and Services	5,715,651	829,879	7,460	-
350	Fines and Penalties	44,963	44,574	-	-
360	Miscellaneous Revenues	1,105,992	726,889	9,649	-
Total Revenues:		<u>22,846,439</u>	<u>8,930,660</u>	<u>7,319,870</u>	<u>-</u>
Expenditures					
510	General Government	6,664,615	3,875,358	525,085	-
520	Public Safety	2,996,737	2,207,950	-	6,600
530	Utilities	532,252	-	-	-
540	Transportation	5,546,126	25,120	4,156,840	-
550	Natural/Economic Environment	671,280	236,457	-	-
560	Social Services	112,018	70,510	-	-
570	Culture and Recreation	501,804	252,955	-	-
Total Expenditures:		<u>17,024,832</u>	<u>6,668,350</u>	<u>4,681,925</u>	<u>6,600</u>
Excess (Deficiency) Revenues over Expenditures:		<u>5,821,607</u>	<u>2,262,310</u>	<u>2,637,945</u>	<u>(6,600)</u>
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	5,701	-	5,701	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	227,749	20,030	5,421	-
Total Other Increases in Fund Resources:		<u>233,450</u>	<u>20,030</u>	<u>11,122</u>	<u>-</u>
Other Decreases in Fund Resources					
594-595	Capital Expenditures	2,762,379	579,533	1,968,332	-
591-593, 599	Debt Service	268,377	37,553	3,321	-
597	Transfers-Out	5,701	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	250,054	105,535	96,540	-
Total Other Decreases in Fund Resources:		<u>3,286,511</u>	<u>722,621</u>	<u>2,068,193</u>	<u>-</u>
Increase (Decrease) in Cash and Investments:		<u>2,768,546</u>	<u>1,559,719</u>	<u>580,874</u>	<u>(6,600)</u>
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	8,776,930	4,376,092	1,395,477	50,143
50841	Committed	77,854	-	-	-
50851	Assigned	3,449,234	1,313,557	-	-
50891	Unassigned	2,839,332	2,839,332	-	-
Total Ending Cash and Investments		<u>15,143,350</u>	<u>8,528,981</u>	<u>1,395,477</u>	<u>50,143</u>

The accompanying notes are an integral part of this statement.

Ferry County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2023

	103 Community Services	104 County Fair	107 Treasurer's O & M	108 Auditor's O & M
Beginning Cash and Investments				
308	Beginning Cash and Investments	708	219,637	94,068
388 / 588	Net Adjustments	-	-	(41,203)
Revenues				
310	Taxes	23,143	-	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	737	63,148	29,273
340	Charges for Goods and Services	-	74,103	6,012
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	-	126,156	5,574
	Total Revenues:	23,880	263,407	6,012
Expenditures				
510	General Government	-	-	3,563
520	Public Safety	-	-	-
530	Utilities	-	-	-
540	Transportation	-	-	-
550	Natural/Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	226,779	-
	Total Expenditures:	-	226,779	3,563
	Excess (Deficiency) Revenues over Expenditures:	23,880	36,628	2,449
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	-	(6,000)	-
	Total Other Increases in Fund Resources:	-	(6,000)	-
Other Decreases in Fund Resources				
594-595	Capital Expenditures	-	17,193	-
591-593, 599	Debt Service	-	-	-
597	Transfers-Out	-	-	-
585	Special or Extraordinary Items	-	-	-
581, 582, 589	Other Uses	23,890	-	-
	Total Other Decreases in Fund Resources:	23,890	17,193	-
	Increase (Decrease) in Cash and Investments:	(10)	13,435	2,449
Ending Cash and Investments				
50821	Nonspendable	-	-	-
50831	Restricted	698	-	55,313
50841	Committed	-	-	-
50851	Assigned	-	233,072	-
50891	Unassigned	-	-	-
	Total Ending Cash and Investments	698	233,072	55,313
				124,787

The accompanying notes are an integral part of this statement.

Ferry County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2023

	109 Veteran's Relief	110 Enhanced 911	111 MHCD	112 Boating Safety VRF	
Beginning Cash and Investments					
308	Beginning Cash and Investments	80,033	85,875	230,491	24,829
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	15,736	66,773	104,301	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	98	582,002	-	-
340	Charges for Goods and Services	-	42,775	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	2,684	1,406	-	-
	Total Revenues:	18,518	692,956	104,301	-
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	775,737	-	6,450
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	13,990	-	-	-
570	Culture and Recreation	-	-	-	-
	Total Expenditures:	13,990	775,737	-	6,450
	Excess (Deficiency) Revenues over Expenditures:	4,528	(82,781)	104,301	(6,450)
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	-	(500)	-	-
	Total Other Decreases in Fund Resources:	-	(500)	-	-
	Increase (Decrease) in Cash and Investments:	4,528	(82,281)	104,301	(6,450)
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	84,562	-	334,792	18,379
50841	Committed	-	-	-	-
50851	Assigned	-	3,596	-	-
50891	Unassigned	-	-	-	-
	Total Ending Cash and Investments	84,562	3,596	334,792	18,379

The accompanying notes are an integral part of this statement.

Ferry County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2023

		<u>114 Court Facilitator</u>	<u>117 Title III</u>	<u>118 Affordable Housing For All</u>	<u>119 Home Security Fund</u>
Beginning Cash and Investments					
308	Beginning Cash and Investments	6,154	356,916	85,839	488,617
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	22,829	-	-
340	Charges for Goods and Services	855	-	8,988	52,646
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	-	-	-
Total Revenues:		855	22,829	8,988	52,646
Expenditures					
510	General Government	1,200	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	27,518
570	Culture and Recreation	-	-	-	-
Total Expenditures:		1,200	-	-	27,518
Excess (Deficiency) Revenues over Expenditures:		(345)	22,829	8,988	25,128
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:		(345)	22,829	8,988	25,128
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	5,809	379,746	94,827	513,745
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		5,809	379,746	94,827	513,745

The accompanying notes are an integral part of this statement.

Ferry County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2023

		<u>122 Clerks Collections Fund</u>	<u>123 Domestic Violence Pen Assess</u>	<u>124 Recreation Fund</u>	<u>125 Law Library</u>
Beginning Cash and Investments					
308	Beginning Cash and Investments	3,431	135	10,632	8,775
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	422	-	-	-
340	Charges for Goods and Services	-	3	-	1,345
350	Fines and Penalties	-	389	-	-
360	Miscellaneous Revenues	-	-	-	-
Total Revenues:		422	392	-	1,345
Expenditures					
510	General Government	504	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	2,004	-
Total Expenditures:		504	-	2,004	-
Excess (Deficiency) Revenues over Expenditures:		(82)	392	(2,004)	1,345
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:		(82)	392	(2,004)	1,345
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	3,349	528	8,628	-
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	10,120
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		3,349	528	8,628	10,120

The accompanying notes are an integral part of this statement.

Ferry County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2023

		<u>126 Crime Victims</u>	<u>129 Weed Control</u>	<u>130 Tourism</u>	<u>131 Trial Court Improvement</u>
Beginning Cash and Investments					
308	Beginning Cash and Investments	30,150	63,099	311,954	77,217
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	47,565	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	4,252	109,123	6,778	10,340
340	Charges for Goods and Services	5,365	170,668	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	123,198	5,344	-
Total Revenues:		<u>9,617</u>	<u>402,989</u>	<u>59,687</u>	<u>10,340</u>
Expenditures					
510	General Government	4,653	-	-	12,948
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	303,808	20,550	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	20,066	-
Total Expenditures:		<u>4,653</u>	<u>303,808</u>	<u>40,616</u>	<u>12,948</u>
Excess (Deficiency) Revenues over Expenditures:		<u>4,964</u>	<u>99,181</u>	<u>19,071</u>	<u>(2,608)</u>
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	-	1,783	1,650	-
Total Other Increases in Fund Resources:		<u>-</u>	<u>1,783</u>	<u>1,650</u>	<u>-</u>
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	12,061	4,470	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	5,701	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		<u>-</u>	<u>12,061</u>	<u>10,171</u>	<u>-</u>
Increase (Decrease) in Cash and Investments:		<u>4,964</u>	<u>88,903</u>	<u>10,550</u>	<u>(2,608)</u>
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	35,115	152,002	-	74,610
50841	Committed	-	-	-	-
50851	Assigned	-	-	322,506	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		<u>35,115</u>	<u>152,002</u>	<u>322,506</u>	<u>74,610</u>

The accompanying notes are an integral part of this statement.

Ferry County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2023

	132 Taxsifter	140 REET Property Tax Admin Assist	143 Opioid Settlement Fund	307 Distressed Area Cap
Beginning Cash and Investments				
308	Beginning Cash and Investments	442	85,315	-
388 / 588	Net Adjustments	-	-	600,768
Revenues				
310	Taxes	-	-	94,781
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	-	5,420	-
340	Charges for Goods and Services	-	1,345	-
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	1,600	-	27,950
	Total Revenues:	1,600	6,765	27,950
Expenditures				
510	General Government	2,000	7,422	-
520	Public Safety	-	-	-
530	Utilities	-	-	-
540	Transportation	-	-	-
550	Natural/Economic Environment	-	-	110,465
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
	Total Expenditures:	2,000	7,422	-
	Excess (Deficiency) Revenues over Expenditures:	(400)	(657)	27,950
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:	(400)	(657)	27,950
Ending Cash and Investments				
50821	Nonspendable	-	-	-
50831	Restricted	42	84,658	27,950
50841	Committed	-	-	-
50851	Assigned	-	-	-
50891	Unassigned	-	-	-
	Total Ending Cash and Investments	42	84,658	27,950
				585,084

The accompanying notes are an integral part of this statement.

Ferry County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2023

		308 County Capital Improvement	401 Solid Waste	501 Equipment Rental & Revolving	502 Management Info Systems
Beginning Cash and Investments					
308	Beginning Cash and Investments	453,309	13,713	138,559	37,563
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	73,138	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	87,895	-	-
340	Charges for Goods and Services	-	429,626	1,630,804	266,434
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	16	13,753	10,369	430
Total Revenues:		73,154	531,274	1,641,173	266,864
Expenditures					
510	General Government	-	-	-	235,244
520	Public Safety	-	-	-	-
530	Utilities	-	532,252	-	-
540	Transportation	-	-	1,364,166	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	532,252	1,364,166	235,244
Excess (Deficiency) Revenues over Expenditures:		73,154	(978)	277,007	31,620
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	-	100,000	99,313	-
Total Other Increases in Fund Resources:		-	100,000	99,313	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	155,868	-	24,922	-
591-593, 599	Debt Service	-	9,536	216,934	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	25,343	-	(754)
Total Other Decreases in Fund Resources:		155,868	34,879	241,856	(754)
Increase (Decrease) in Cash and Investments:		(82,714)	64,143	134,464	32,374
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	370,594	-	-	-
50841	Committed	-	77,854	-	-
50851	Assigned	-	-	273,023	69,936
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		370,594	77,854	273,023	69,936

The accompanying notes are an integral part of this statement.

Ferry County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2023

		<u>503 Insurance Fund</u>	<u>505 Employee Self Insurance</u>
Beginning Cash and Investments			
308	Beginning Cash and Investments	16,279	909,535
388 / 588	Net Adjustments	-	-
Revenues			
310	Taxes	-	-
320	Licenses and Permits	-	-
330	Intergovernmental Revenues	-	-
340	Charges for Goods and Services	1,219,893	963,322
350	Fines and Penalties	-	-
360	Miscellaneous Revenues	-	50,974
Total Revenues:		<u>1,219,893</u>	<u>1,014,296</u>
Expenditures			
510	General Government	1,139,601	801,497
520	Public Safety	-	-
530	Utilities	-	-
540	Transportation	-	-
550	Natural/Economic Environment	-	-
560	Social Services	-	-
570	Culture and Recreation	-	-
Total Expenditures:		<u>1,139,601</u>	<u>801,497</u>
Excess (Deficiency) Revenues over Expenditures:		<u>80,292</u>	<u>212,799</u>
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	5,552	-
Total Other Increases in Fund Resources:		<u>5,552</u>	<u>-</u>
Other Decreases in Fund Resources			
594-595	Capital Expenditures	-	-
591-593, 599	Debt Service	1,033	-
597	Transfers-Out	-	-
585	Special or Extraordinary Items	-	-
581, 582, 589	Other Uses	-	-
Total Other Decreases in Fund Resources:		<u>1,033</u>	<u>-</u>
Increase (Decrease) in Cash and Investments:		<u>84,811</u>	<u>212,799</u>
Ending Cash and Investments			
50821	Nonspendable	-	-
50831	Restricted	-	-
50841	Committed	-	-
50851	Assigned	101,089	1,122,335
50891	Unassigned	-	-
Total Ending Cash and Investments		<u>101,089</u>	<u>1,122,335</u>

The accompanying notes are an integral part of this statement.

Ferry County
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2023

		Total for All Funds (Memo Only)	Custodial	External Investment Pool Fund
308	Beginning Cash and Investments	8,852,782	4,109,755	4,743,027
388 & 588	Net Adjustments	41,204	41,204	-
310-390	Additions	141,079,907	85,623,191	55,456,716
510-590	Deductions	140,511,800	87,734,617	52,777,183
	Net Increase (Decrease) in Cash and Investments:	568,107	(2,111,426)	2,679,533
508	Ending Cash and Investments	9,462,091	2,039,530	7,422,561

The accompanying notes are an integral part of this statement.

FERRY COUNTY WASHINGTON

NOTES TO FINANCIAL STATEMENTS
JANUARY 1, 2023 TO DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

A. Fund Accounting

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 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 (Current Expense) Fund (001)

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

Special Revenue Funds (100 Series)

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

Capital Projects Funds (300 Series)

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

PROPRIETARY FUND TYPES:

Enterprise Funds (400 Series)

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

Internal Service Funds (500 Series)

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

FIDUCIARY FUND TYPES:

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

Custodial Funds (600 Series)

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

B. Basis of Accounting and Measurement Focus

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

C. Cash and Investments

See Note 5, Deposits and Investments.

D. Capital Assets

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

E. Compensated Absences

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

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

F. Restricted and Committed Portion of Ending Cash and Investments

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

Restrictions and Commitments of Ending Cash and Investments consist of:

Fund #	Fund Name	Reason for Restriction/Commitment	Total
1	Current Expense	Operation of commissary service and prisoner welfare(Fund 116 - \$12,292), LATCF Grant Funds(Fund 113 - \$4,363,800)	\$ 4,376,092
101	County Road	Construction, alteration, repair, improvement, or maintenance of county roads(RCW 36.82)	\$ 1,395,477
102	Drug Abuse	Payment of all proper expenses of the investigation leading to the seizure of money or property from an investigation of controlled substance law violations(RCW 60.50), including seizure, prosecution, court costs etc.	\$ 50,143
103	Community Services	Coordination and provision of community services for persons with developmental disabilities or mental health services	\$ 698
107	Treasurer's O&M	Recovering costs associated with foreclosure, distraint, and sale of property for delinquent taxes(RCW 84.56.020)	\$ 55,313
108	Auditor's O&M	Ongoing preservations of historical documents of all county offices and departments(RCW 36.22.170)	\$ 124,787
109	Veteran's Assistance	Relief of indigent veterans, their families, and the families of deceased indigent veterans(RCW 73.08)	\$ 84,562
111	Mental Health Chemical Dependency	Operation or delivery of new or expanded chemical dependency or mental health treatment programs and therapeutic court programs and services(RCW 82.14.460)	\$ 334,792
112	Boating Safety	Marine safety and law enforcement programs(RCW 88.02.650)	\$ 18,379
114	Court Facilitator	Basic services to parties of court proceedings who are involved in family law litigation and who do not have an attorney(RCW 26.12.240)	\$ 5,809
117	Title III	Certain projects related to wildland fire and emergency services on Federal lands	\$ 379,746
118	Affordable Housing	Eligible housing activities(RCW 36.22.178)	\$ 94,827
119	Home Security	Acquisition, construction, or rehabilitation of housing projects for very low-income persons in accordance with our ten year plan(RCW 36.22.179)	\$ 513,745
122	Clerks Collection	Collection of Legal Financial Obligations(ESSB 5900)	\$ 3,349
123	Domestic Violence Penalty Assessment	Domestic Violence advocacy, prevention, and prosecution programs	\$ 528
124	Recreation Fund	Renewing areas for recreational opportunities. Currently used for grant funds restricted to grant-approved uses	\$ 8,628
126	Crime Victims	Support of comprehensive victim and witness program(RCW 07.68.035(4))	\$ 35,115
129	Weed Control	Controlling noxious weeds(RCW 17.04)	\$ 152,002
130	Tourism	Capital and operating programs that promote tourism(RCW 67.28.180)	\$ 322,506
131	Trial Court Program	Improvements to superior and district court staffing, programs, facilities, or services(RCW 43.08.250, Resolution 2005-25)	\$ 74,610
132	Taxsifter	Donations for the upgrades and maintenance of the taxsifter program	\$ 42
140	REET Property Tax Administration	Maintenance and operation of an annual revaluation system for property tax valuation and an electronic processing and reporting system for real estate excise tax affidavits(RCW 82.45.180(5))	\$ 84,658
143	Opioid Settlement Fund	Support treatment of Opioid Use Disorder and any co-occurring Substance Use Disorder or Mental Health Conditions.	\$ 27,950

307	Distressed Area	Financing public facilities serving economic development purposes in rural counties and finance personnel in economic development offices(RCW 82.14)	\$ 585,084
308	County Capital Improvement	Capital improvements in the capital improvements plan(RCW 82.46.010)	\$ 370,594
401	Solid Waste	Solid Waste operations	\$ 77,854

NOTE 2 – BUDGET COMPLIANCE

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

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

Fund	Department	Final Appropriated Amounts	Actual Expenses	Variance
001	Current Expense	\$ 7,700,432.95	\$ 6,724,115.57	\$ 976,317.38
001	Merry-go-round	\$ 15,613.80	\$ 15,613.80	\$ -
001	Grant Fund	\$ 4,363,800.00	\$ -	\$ 2,181,900.00
001	Inmate Welfare	\$ 11,800.00	\$ 7,146.86	\$ 4,653.14
001	Hazard Mitigation	\$ -	\$ -	\$ -
001	Leased County Property	\$ 13,344.00	\$ 3,483.47	\$ 9,860.53
001	Cumulative Reserve	\$ 75,000.00	\$ -	\$ 75,000.00
001	Conservation	\$ 1,048,633.47	\$ 100,000.00	\$ 948,633.47
001	Fair Grounds Management	\$ 114,297.83	\$ 115,108.74	\$ (810.91)
001	Sherriff's Uniform/Clothing	\$ 16,434.22	\$ 3,611.70	\$ 12,822.52
001	Sherriff's Clothing Revolving	\$ 10,655.89	\$ 6,393.38	\$ 4,262.51
001	NEWC	\$ 500.00	\$ -	\$ 500.00
001	Airport	\$ 591,246.85	\$ 415,494.57	\$ 175,752.28
001	Large Format Copier	\$ 604.55	\$ -	\$ 604.55
001	Total 001 - Current Expense	\$ 13,962,363.56	\$ 7,390,968.09	\$ 4,389,495.47
101	County Road	\$ 9,630,458.03	\$ 6,744,351.95	\$ 2,216,140.02
101	Trail Reserve	\$ 5,000.00	\$ 5,765.06	\$ (765.06)
101	Total 101 - County Road	\$ 9,635,458.03	\$ 6,750,117.01	\$ 2,215,374.96
102	Drug Abuse	\$ 2,000.00	\$ 6,600.00	\$ (4,600.00)
103	Community Services	\$ 23,593.96	\$ 23,890.15	\$ (296.19)
104	County Fair	\$ 347,422.60	\$ 243,971.49	\$ 103,451.11

107	Treasurer's O&M	\$ 28,250.00	\$ 3,563.00	\$ (16,516.76)
108	Auditor's O&M	\$ 76,919.92	\$ 55,540.32	\$ 21,379.60
109	Veteran's Relief	\$ 30,700.00	\$ 13,989.53	\$ 16,710.47
110	Enhanced 911	\$ 833,371.33	\$ 775,235.35	\$ 58,135.98
111	MHCD	\$ 173,500.00	\$ -	\$ 173,500.00
112	Boating Safety VRF	\$ 12,400.00	\$ 6,449.38	\$ 5,950.62
114	Court Facilitator	\$ 1,600.00	\$ 1,200.00	\$ 400.00
117	Title III	\$ 233,779.00	\$ -	\$ 233,779.00
118	Affordable Housing For All	\$ 14,300.00	\$ -	\$ 14,300.00
119	Home Security Fund	\$ 60,000.00	\$ 27,518.38	\$ 32,481.62
122	Clerks Collections Fund	\$ 1,300.00	\$ 504.00	\$ 796.00
123	Domestic Violence Pen Assess	\$ 550.00	\$ -	\$ 550.00
124	Recreation Fund	\$ 343,574.25	\$ 2,004.11	\$ 341,570.14
125	Law Library	\$ 3,000.00	\$ -	\$ 3,000.00
126	Crime Victims	\$ 16,169.06	\$ 4,652.69	\$ 11,516.37
129	Weed Control	\$ 411,421.74	\$ 315,868.40	\$ 95,553.34
130	Tourism	\$ 339,971.50	\$ 50,785.53	\$ 289,185.97
131	Trial Court Improvement	\$ 17,000.00	\$ 12,947.71	\$ 4,052.29
132	Taxsifter	\$ 3,841.00	\$ 2,000.00	\$ 1,841.00
140	REET Property Tax Admin	\$ 10,000.00	\$ 7,422.58	\$ 2,577.42
143	Opioid Settlement Fund	\$ 50,000.00	\$ -	\$ 50,000.00
307	Distressed Area Cap	\$ 144,602.13	\$ 110,464.87	\$ 34,137.26
308	County Capital Improvement	\$ 450,000.00	\$ 155,868.46	\$ 294,131.54
401	Solid Waste	\$ 599,994.29	\$ 567,132.54	\$ 32,861.75
501	Equipment Rental & Revolving	\$ 1,869,086.17	\$ 1,606,022.08	\$ 263,064.09
502	Management Info Systems	\$ 266,992.73	\$ 234,491.14	\$ 32,501.59
503	Insurance Fund	\$ 1,213,614.55	\$ 1,140,633.98	\$ 72,980.57
505	Employee Self Insurance	\$ 933,478.00	\$ 801,496.39	\$ 131,981.61

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

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

Fund	Department	Total 2023 Amendments
001	Current Expense	\$ 242,594.92
103	Community Services	\$ 4,897.96
105	Merry-Go-Round	\$ 7,040.79
129	Weed Control	\$ 24,000.00
401	Solid Waste	\$ 133,614.35
503	Insurance	\$ 242,384.65

NOTE 3 – JOINT VENTURES

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

- **Joint Venture** - Ferry County has a representative on the Board of Directors of the Tri County Economic Development District, which is a federally-designated economic development district by the US Dept of Commerce-Economic Development Administration. The District serves the counties of Ferry, Pend Oreille and Stevens. Ferry County paid \$9,953.00 for membership dues in 2023.
- **Jointly Governed Organization/Related Party** - In addition, the County jointly created the local Housing Authority, (Joint City of Republic Ferry County Housing Authority) in conjunction with the City of Republic. The County is possibly liable for the debt of the Housing Authority. See note 10. Ferry County did not disburse funds to the Housing Authority this year.
- **Joint Venture** - Northeast Tri County Health District works with other entities to assess, protect, preserve, and promote the health of the tri-county area and establishes local policy relating to population-based services in Ferry, Pend Oreille and Stevens Counties. Ferry County contributed \$49,632 in 2023.
- **Joint Venture** – Stevens County is the fiscal agent for some of the Superior Court Services provided to Ferry, Pend Oreille and Stevens County. Ferry County reimburses Stevens County for its prorated share. Ferry County paid Stevens County \$57,949.92 in 2023 for its share of the joint services.
- **Joint Venture** – Martin Hall Juvenile Detention Facility is a joint operation between several counties to provide juvenile detention services. Lincoln County is the fiscal agent and we pay them for our share of costs and for bed days that exceed our number of allocated days. In 2023 Ferry County paid Lincoln County \$31,437.50.
- **Joint Venture** – Washington State University and Ferry County have a Memorandum of Agreement to provide an extension program. Ferry County contributed \$60,733.56 towards Salary and benefits in 2023.

NOTE 4 – INTERFUND LOANS

The following table displays interfund loan activity during 2023:

Borrowing Fund	Lending Fund	Balance 1/1/2023	New Loans	Repayments	Balance 12/31/2023
Current Expense	Conservation	\$ 60	\$ -	\$ -	\$ 60
Solid Waste	County Road	\$ 2,085	\$ -	\$ 2,085	\$ -
Solid Waste	Conservation	\$ -	\$ 100,000	\$ 21,500	\$ 78,500
Totals		\$ 2,145	\$ 100,000	\$ 23,585	\$ 78,560

NOTE 5 – DEPOSITS AND INVESTMENTS

Investments are reported at original cost. Deposit and Investments by type at December 31, 2023 are as follows:

Deposit/Investment Type	County's own deposits and investments	Custodial Deposits/Investments	Total
Bank Deposits	\$ 279,423	\$ 2,039,530	\$ 2,318,953
L.G.I.P.	\$ 8,715,195	\$ 7,422,561	\$ 16,137,756
WA Fed	\$ 4,386,361	\$ -	\$ 4,386,361
US Bank	\$ 1,762,371	\$ -	\$ 1,762,371
Total	\$ 15,143,350	\$ 9,462,091	\$ 24,605,441

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

Investments in the State Local Government Investment Pool (LGIP)

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

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

Custodial Credit Risk

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

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

Note 6 – External Investment Pool

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

The investments are managed by the Treasurer, which reports investment activity to the County Finance Committee on a quarterly basis. Additionally, the County treasurer investment activity is subject to an annual investment policy review, compliance oversight, quarterly financial review, and annual financial reporting. The County has not provided nor obtained any legally binding guarantees during the year ended December 31, 2023, 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 \$36,791.70. These investments made by the County Treasurer on behalf of the participants is involuntary participation in the County Treasurer's Investment Pool as they are required to be invested by statute.

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

Note 7 – OPEB

The LEOFF I Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by the county as required by RCW 41.26.150. The plan pays for 100% of eligible retirees' healthcare costs on a pay-as-you-go basis. As of June 30, 2023, the plan had 1 member, a retiree. As of June 30, 2023, the county's total OPEB liability was \$596,774, as calculated using the alternative measurement method. For the year ended December 31, 2023, the county paid \$2,431.20 in benefits.

NOTE 8 – OTHER DISCLOSURES

Contingencies and Litigation

The Joint City of Republic-Ferry County Housing Authority (hereafter referred to as Housing Authority) was created by the City of Republic and Ferry County in 1991. The financial records were maintained by Ferry County. In 1999 the Housing Authority separated from the County and established their own financial records. In 2014 it came to the attention of Ferry County and the City of Republic that the Housing Authority was out of compliance with their federal granting agencies as well as the State of Washington. The City of Republic and Ferry County are working together to bring the Housing Authority back into compliance in hopes of mitigating some of the liability and helping the Housing Authority recover. The County is assisting with the management and financials. The City of Republic and Ferry County appoint the board members of the Housing Authority and therefore are still responsible for their actions. As a result, the City of Republic and Ferry County may be held liable for the Housing Authority's contractual obligations. The Housing Authority currently has outstanding liabilities of \$962,977. The County will be liable for 3/5ths of the outstanding liabilities if the Housing Authority defaults on those liabilities. The approximate fair market value of the available assets may be about \$1.6 million as of December 22, 2017 and the Housing Authority's cash balance as of December 31, 2023 was \$281,012. These assets could potentially be used to offset the liabilities.

State vs Blake

On February 25, 2022, the Washington State Supreme Court in *State v. Blake* declared unconstitutional Washington's strict liability drug possession statute, which criminalized unintentional, unknowing possession of controlled substances without a prescription. At this time the county does not have the information necessary to make an estimate of any potential liability. Ferry County will be reporting Blake refunds and reimbursements with the assumption that the State is ultimately responsible for those costs. No reimbursements were processed in 2023.

NOTE 9 - PENSION PLANS

A. State Sponsored Pension Plans

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

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

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information for each plan.

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

At June 30, 2023 (the measurement date of the plans) the County’s proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

Plan	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$ 172,852	0.025366%	\$ 579,038
PERS 2/3	\$ 259,810	0.029550%	\$ (1,211,161)
PSERS 2	\$ 29,297	0.058185%	\$ (61,699)
LEOFF 1	\$ -	0.000888%	\$ (26,356)
LEOFF 2	\$ 27,721	0.012281%	\$ (294,572)

LEOFF Plan 1

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

LEOFF Plan 2

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

NOTE 10 - PROPERTY TAXES

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

Property Tax Calendar

January 1	Tax is levied and becomes an enforceable lien against the properties.
February 14	Tax bills are mailed
April 30	First of two equal installment payments are due
May 31	Assessed value of property established for next year's levy at 100 percent of market value.
October 31	Second installment is due

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

The county's regular levy for the year 2022 for collection in 2023 was as follows per \$1,000 of assessed valuation.

Taxing District	Levy Rate	Assessed Value	Tax
Current Expense	1.4601699899	\$ 862,197,935	\$ 1,258,956
Mental Health	0.0249999903	\$ 862,197,935	\$ 21,555
Veterans Relief	0.0169999943	\$ 862,197,935	\$ 14,657
County Road	1.8741120657	\$ 800,164,087	\$ 1,499,597
Diverted Road	0.0000000000	\$ 800,164,087	\$ -
Conservation Futures	0.0561055160	\$ 862,197,935	\$ 48,374

NOTE 11 - RISK MANAGEMENT

The county maintains insurance against most normal hazards. In the opinion of management, the county's insurance policies are adequate to pay all known or pending claims. The county is a member of the Washington Counties Risk Group (WCRG). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program or organization for the joint purchasing of insurance, and/or joint self-insuring and/or hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire, or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The program was formed on September 1, 1998, when three counties in the state of Washington joined together by signing an Interlocal Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 31, 2023, there are ten counties in the program.

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

The program acquires insurance through their Administrator, Clear Risk Solutions. Liability coverage is purchased to an aggregate limit of \$45,000,000 with a self-insured retention (SIR) of \$250,000. Members are responsible for a \$1,000 to \$10,000 deductible for each claim, while the program is responsible for the \$250,000 self-insured retention. Since the program is a cooperative program, there is a joint liability among the participating members towards the sharing of the \$250,000 self-insured retention in addition to the deductible. The program also purchases a Stop Loss Policy as another layer of protection to its membership, with an attachment point of \$1,779,592.

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

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

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

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

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

The program is funded by its member participants and has no employees. Claims are filed by members/brokers with Clear Risk Solutions, who has been contracted to perform program administration, claims adjustment, and loss prevention for the program. Fees paid to the third-party administrator under this arrangement for the policy year ending December 31, 2023 were \$1,027,544.34.

NOTE 12 – SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS

During the year ended December 31st, 2023 the county adopted guidance for the presentation and disclosure of Subscription Based Information Technology Arrangements (SBITA), as required by the BARS manual. This requirement resulted in the addition of a subscription liability reported on the Schedule of Liabilities.

The county makes subscription payments of \$1,179.90 per month for timekeeping and payroll software. The SBITA contract is for 3 years and includes an option to extend the contract for 1 year.

The total amount paid for SBITAs in 2023 was \$14,158.80

Year ended December 31 2023	Total
2024	\$ 14,158.80
2025	\$ 14,158.80
2026	\$ 14,158.80
Total	\$ 42,476.40

NOTE 13- ACCOUNTING CHANGES AND ERROR CORRECTIONS

During fiscal year 2023, the county identified a receipt of \$41,203.06 that was deposited into the Treasurer’s O&M fund, instead of the Foreclosure Surplus fund during fiscal year 2021. This error causes the beginning cash balance of both funds to be restated by 41,203.06.

Fund	12/31/2022 Cash/Investment Balance as previously reported	Error Correction	12/31/2022 Cash/Investment Balance as adjusted
Treasurer's O&M	\$ 94,068.00	\$ (41,203.06)	\$ 52,864.94
Foreclosure Surplus	\$ 89,241.65	\$ 41,203.06	\$ 130,444.71
Total Funds	\$ 183,309.65	\$ -	\$ 183,309.65

NOTE 14- LEASES

The County has the following active agreements:

- Office space from Klondike Plaza for \$500 per month under a year-to-year lease agreement.
- 16 copiers from Ricoh and Kelly Connect. The county pays for \$950, and \$1,019 per month, respectively, under noncancelable 5-year lease agreements.
- Communications equipment from the State for \$3,675 per year under a 5-year lease agreement. This lease began in 2023, and will end in 2027.
- Skid Steer from Caterpillar Financial Services Corp. for \$6,083 per year. This lease began in 2019, and will end in 2024, with a final payment of \$35,000.

The total amount paid for leases in 2023 was \$33,828. As of December 31, 2023, the future lease payments are as follows:

Year	Principal
2024	\$ 55,261
2025	\$ 13,038
2026	\$ 13,038
2027	\$ 11,169
2028	\$ 5,657
2029-2034	\$ 217
Totals	\$ 98,380

**Ferry County
Schedule of Liabilities
For the Year Ended December 31, 2023**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
263.51	PW Graders & Loader (320,331)	5/22/2023	2	-	2	-
263.51	PW Graders & Loader (311)	1/16/2023	190,000	-	190,000	-
263.56	Foreman Trucks Enterprise	8/2/2023	26,932	-	26,932	-
263.56	Copiers		25,369	49,167	14,321	60,215
263.56	Offices		850	6,000	6,500	350
263.56	SW Skid Steer		41,083	-	6,083	35,000
263.56	Communications Equipment		9,739	-	6,924	2,815
263.56	SBITA		-	56,635	14,159	42,476
Total General Obligation Debt/Liabilities:			293,975	111,802	264,921	140,856
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	COMPENSATED ABSENCES		401,987	-	48,743	353,244
264.30	Net Pension Liabilities		723,211	-	144,173	579,038
264.40	OPEB		573,239	23,535	-	596,774
Total Revenue and Other (non G.O.) Debt/Liabilities:			1,698,437	23,535	192,916	1,529,056
Total Liabilities:			1,992,412	135,337	457,837	1,669,912

ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

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

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