Washington State Auditor's Office

Financial Statements and Federal Single Audit Report

Grays Harbor County

Audit Period
January 1, 2011 through December 31, 2011

Report No. 1008408

Issue Date
September 26, 2012

WASHINGTON
BRIAN SONNTAG
STATE AUDITOR

Washington State Auditor
Brian Sonntag

September 26, 2012

Board of Commissioners
Grays Harbor County
Montesano, Washington

Report on Financial Statements and Federal Single Audit

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

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

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

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January 1, 2011 through December 31, 2011

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Federal Summary

Grays Harbor County
January 1, 2011 through December 31, 2011

The results of our audit of Grays Harbor County are summarized below in accordance with U.S. Office of Management and Budget Circular A-133.

FINANCIAL STATEMENTS

An unqualified opinion was issued on the financial statements.

Internal Control Over Financial Reporting:

- ***Significant Deficiencies:*** We identified deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.

- ***Material Weaknesses:*** We identified no deficiencies that we consider to be material weaknesses.

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

FEDERAL AWARDS

Internal Control Over Major Programs:

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

- ***Material Weaknesses:*** We identified no deficiencies that we consider to be material weaknesses.

We issued an unqualified opinion on the County's compliance with requirements applicable to its major federal program.

We reported no findings that are required to be disclosed under section 510(a) of OMB Circular A-133.

Identification of Major Programs:

The following was a major program during the period under audit:

CFDA No.	Program Title
20.205	Highway Planning and Construction Cluster - Highway Planning and Construction

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was $300,000.

The County did not qualify as a low-risk auditee under OMB Circular A-133.

Schedule of Audit Findings and Responses

Grays Harbor County
January 1, 2011 through December 31, 2011

1. The County should improve its internal controls over financial preparation to ensure accurate reporting.

Background

It is the responsibility of County management to design and follow internal controls that provide reasonable assurance regarding the reliability of financial reporting. We identified deficiencies in internal controls that could adversely affect the County's ability to produce reliable financial statements.

Description of Condition

Our audit identified the following weaknesses in internal controls, that when taken together represent a significant deficiency:

- The County Budget/Insurance Office is responsible for preparing the Schedule of Expenditures of Federal Awards (SEFA), and relies on individual departments to provide an accurate list of federal grant expenditures. The County has no procedures to ensure the expenditure information submitted by the departments reconciles with accounting records or is accurate and complete.

- The County reviews financial statements, notes, and schedules before submitting them for audit. The review was not detailed enough to ensure accurate and complete financial reporting.

- The County did not fully implement Governmental Accounting Standards Board Statement (GASB) No. 54 in its 2011 financial statements. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The statement also updates the criteria a fund must meet in order to be reported as a special revenue fund. The County is responsible for supporting how it has reclassified its fund balances into the new categories and for determining which funds to report as special revenue funds in compliance with GASB Statement No. 54. Although County personnel believed they had a clear understanding of GASB No. 54 requirements, they misunderstood the requirements.

Cause of Condition

County management has not designed adequate internal controls to ensure its reporting of financial information is accurate and complete.

Effect of Condition

We identified the following errors that resulted from these control deficiencies:

- We originally determined the County had two federal grants to audit. Only one audit was required. This discrepancy was caused by the County including matching funds on the SEFA for two federal grants, which resulted in it over-reporting federal expenditures by $194,487, and an increase in audit costs.

- The County's implementation of GASB No. 54 did not properly address the requirement to eliminate transfers between proprietary funds that are rolled up into one fund, to review and evaluate restricted revenues, and to evaluate special revenue funds. This resulted in:

    - A $13.6 million misclassification of fund balances between reserved and unreserved.

    - An overstatement of $833,775 of transfers in and transfers out when managerial funds were rolled up into one fund for reporting purposes.

    - One special revenue fund with revenues of $1.2 million that did not meet the 20 percent criteria to be reported as a special revenue fund.

  The County corrected the first two errors. The last error will be corrected for fiscal year 2012.

Recommendation

We recommend the County establish the following internal controls:

- Procedures to ensure federal grant information received from departments and used to prepare the SEFA is complete, accurate and reconciles to expenditure information in the accounting system.

- An effective review of the prepared financial statements.

- Obtain sufficient guidance prior to using complex accounting standards, including GASB Statement No. 54, to ensure proper interpretation and reporting.

County's Response

We appreciate the opportunity to respond to the auditor's finding. The state of economy has created considerable challenges for Grays Harbor County in recent years. The Board of County Commissioners has taken significant actions to control costs since 2008, including staff reductions. While we are adjusting to decreased staffing levels, we have had increased requirements passed on to us. This years' financial report was prepared by staff transitioning to new positions. We are currently working on ways to improve our internal controls over financial reporting.

Auditor's Remarks

We appreciate the steps the County is taking to resolve this issue. We will review the condition during our next audit.

Applicable Laws and Regulations

RCW 43.09.200 states in part:

> The state auditor shall formulate, prescribe, and install a system of accounting and reporting for all local governments, which shall be uniform for every public institution, and every public office, and every public account of the same class.

Budget Accounting and Reporting System (BARS) Manual - Part 3, Accounting, Chapter 1. Accounting Principles and General Procedures, Section C. Internal Control, states in part:

> Internal control is defined by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), in standards adopted by the American Institute of Certified Public Accountants and by the Federal Office of Management and Budget as follows:
>
> > Internal control is a process – affected by those charged with governance, management and other personnel designed to provide reasonable assurance regarding the achievement of objectives in the following categories:
> >
> > - Effectiveness and efficiency of operations
> > - Compliance with applicable laws and regulations
> > - Reliability of financial reporting
>
> Management and the governing body are responsible for the government's performance, compliance and financial reporting. Therefore, the adequacy of internal control to provide reasonable assurance of achieving these objectives is also the responsibility of management and the governing body. The governing body has ultimate responsibility for ensuring adequate controls to achieve objectives, even though primary responsibility has been delegated to management.

Government Auditing Standards, July 2007 Revision – Section 5.11 provides that auditors should report material weaknesses and significant deficiencies in internal control, which it defines as:

> a. Significant deficiency: a deficiency in internal control or combination of deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with GAAP such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected.

b. Material weakness: a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected.

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters in Accordance with *Government Auditing Standards*

Grays Harbor County
January 1, 2011 through December 31, 2011

Board of Commissioners
Grays Harbor County
Montesano, Washington

We have audited the financial statements of Grays Harbor County, Washington, as of and for the year ended December 31, 2011, and have issued our report thereon dated August 29, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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 County's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Audit Findings and Responses as Finding 1, that we consider to be significant deficiencies in internal control over financial reporting. 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.

COMPLIANCE AND OTHER MATTERS

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

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

The County's response to the finding identified in our audit is described in the accompanying Schedule of Audit Findings and Responses. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended for the information and use of management, the Board of Commissioners, federal awarding agencies and pass-through entities. 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.

BRIAN SONNTAG, CGFM
STATE AUDITOR

August 29, 2012

Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

Grays Harbor County
January 1, 2011 through December 31, 2011

Board of Commissioners
Grays Harbor County
Montesano, Washington

COMPLIANCE

We have audited the compliance of Grays Harbor County, Washington, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2011. The County's major federal program is identified in the Federal Summary. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2011.

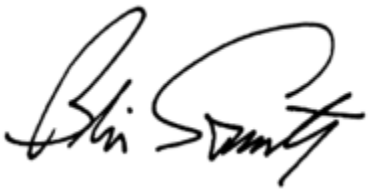
INTERNAL CONTROL OVER COMPLIANCE

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of management, the Board of Commissioners, federal awarding agencies and pass-through entities. 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.



BRIAN SONNTAG, CGFM
STATE AUDITOR

August 29, 2012

Independent Auditor's Report on Financial Statements

Grays Harbor County
January 1, 2011 through December 31, 2011

Board of Commissioners
Grays Harbor County
Montesano, Washington

We have audited the accompanying financial statements of Grays Harbor County, Washington, for the year ended December 31, 2011. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1 to the financial statements, the County prepares its financial statements on the basis of accounting that demonstrates compliance with Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of Grays Harbor County, for the year ended December 31, 2011, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular

A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The accompanying Schedule of Liabilities is also presented for purposes of additional analysis as required by the prescribed BARS manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

The report is intended for the information and use of the governing body and management of the County. 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.

BRIAN SONNTAG, CGFM
STATE AUDITOR

August 29, 2012

Financial Section

Grays Harbor County
January 1, 2011 through December 31, 2011

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2011
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2011
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Schedule of Liabilities – 2011
Schedule of Expenditures of Federal Awards – 2011
Notes to the Schedule of Expenditures of Federal Awards – 2011

GRAYS HARBOR COUNTY

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For The Year Ended December 31, 2011

BARS CODE		Total for All Funds Total Amount	Fund 001 General Fund Actual Amount	Fund 101 Special Projects Actual Amount
Beginning Cash & Investments:				
308	Unreserved	$ 29,314,043	$ 2,340,460	$ 198,691
308.10	Reserved	$ 183,367	43,035	-
Revenues & Other Sources				
310	Taxes	$ 23,564,709	$ 14,351,412	$ -
320	Licenses & Permits	$ 617,387	603,913	-
330	Intergovernmental	$ 22,841,070	4,456,991	731,893
340	Charges for Goods & Services	$ 9,644,828	2,876,537	-
350	Fines & Penalties	$ 977,750	976,936	-
360	Miscellaneous	$ 5,267,513	303,875	21,300
390	Other Financing Sources	$ 6,742,459	1,017,696	53,204
Total Revenues & Other Financing Sources		$ 69,655,716	$ 24,587,360	$ 806,397
Total Resources		$ 99,153,126	$ 26,970,855	$ 1,005,088
Operating Expenditures:				
510	General Government	$ 12,832,877	$ 9,814,962	$ 11,115
520	Public Safety	$ 12,695,987	12,011,864	162,481
530	Physical Environment	$ 6,248,721	94,274	-
540	Transportation	$ 12,744,676	-	-
550	Economic Environment	$ 1,292,800	434,268	639,105
560	Mental & Physical Health	$ 10,242,493	909,168	-
570	Culture & Recreation	$ 1,645,167	188,007	97,303
Total Operating Expenditures		$ 57,702,721	$ 23,452,543	$ 910,004
591-593	Debt Service	$ 1,075,097	1,414	-
594-595	Capital Outlay	$ 4,639,870	94,822	-
Total Expenditures		$ 63,417,688	$ 23,548,779	$ 910,004
597-599	Other Financing Uses	$ 2,592,696	693,524	-
Total Expenditures & Other Financing Uses		$ 66,010,384	$ 24,242,303	$ 910,004
Excess (Deficit) of Resources Over Uses		$ 33,142,742	$ 2,728,552	$ 95,084
380	Nonrevenues	$ 2,393,770	1,052,394	-
580	Nonexpenditures	$ 2,812,476	1,058,614	-
Ending Cash & Investments:				
508.10	Reserved	$ 13,833,948	43,035	-
508	Unreserved	$ 18,890,088	$ 2,679,297	$ 95,084

The accompanying notes are an integral part of this statement.

GRAYS HARBOR COUNTY

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For The Year Ended December 31, 2011

BARS CODE		Fund 102 Auditor's M & O Actual Amount	Fund 103 Fairgrounds Actual Amount	Fund 104 Trial Court Improv. Actual Amount
Beginning Cash & Investments:				
308	Unreserved	$ 202,764	$ 20,013	$ 110,824
308.10	Reserved	-	1,700	-
Revenues & Other Sources				
310	Taxes	$ -	$ -	$ -
320	Licenses & Permits	-	-	-
330	Intergovernmental	59,331	43,273	47,300
340	Charges for Goods & Services	44,696	251,365	-
350	Fines & Penalties	-	-	-
360	Miscellaneous	-	314,625	-
390	Other Financing Sources	-	610,243	-
Total Revenues & Other Financing Sources		$ 104,027	$ 1,219,506	$ 47,300
Total Resources		$ 306,791	$ 1,241,219	$ 158,124
Operating Expenditures:				
510	General Government	$ 104,540	$ -	$ 27,629
520	Public Safety	-	-	-
530	Physical Environment	-	-	-
540	Transportation	-	-	-
550	Economic Environment	-	-	-
560	Mental & Physical Health	-	-	-
570	Culture & Recreation	-	1,205,969	-
Total Operating Expenditures		$ 104,540	$ 1,205,969	$ 27,629
591-593	Debt Service	-	-	-
594-595	Capital Outlay	-	4,661	1,486
Total Expenditures		$ 104,540	$ 1,210,630	$ 29,115
597-599	Other Financing Uses	-	-	-
Total Expenditures & Other Financing Uses		$ 104,540	$ 1,210,630	$ 29,115
Excess (Deficit) of Resources Over Uses		$ 202,251	$ 30,589	$ 129,009
380	Nonrevenues	-	50,000	-
580	Nonexpenditures	45,000	50,000	-
Ending Cash & Investments:				
508.10	Reserved	-	4,200	-
508	Unreserved	$ 157,251	$ 26,389	$ 129,009

The accompanying notes are an integral part of this statement.

GRAYS HARBOR COUNTY

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For The Year Ended December 31, 2011

BARS CODE		Fund 105 Paths & Trails Actual Amount	Fund 106 Law Library Actual Amount	Fund 107 Affordable Housing Actual Amount
Beginning Cash & Investments:				
308	Unreserved	$ 2,180	$ 26,101	$ 290,591
308.10	Reserved	-	-	-
Revenues & Other Sources				
310	Taxes	$ -	$ -	$ -
320	Licenses & Permits	-	-	-
330	Intergovernmental	11,013	-	-
340	Charges for Goods & Services	-	35,133	69,380
350	Fines & Penalties	-	-	-
360	Miscellaneous	5	-	224
390	Other Financing Sources	-	-	-
Total Revenues & Other Financing Sources		$ 11,018	$ 35,133	$ 69,604
Total Resources		$ 13,198	$ 61,234	$ 360,195
Operating Expenditures:				
510	General Government	$ -	$ 57,662	$ -
520	Public Safety	-	-	-
530	Physical Environment	-	-	-
540	Transportation	-	-	-
550	Economic Environment	-	-	640
560	Mental & Physical Health	-	-	-
570	Culture & Recreation	-	-	-
Total Operating Expenditures		$ -	$ 57,662	$ 640
591-593	Debt Service	-	-	-
594-595	Capital Outlay	-	-	-
Total Expenditures		$ -	$ 57,662	$ 640
597-599	Other Financing Uses	-	-	-
Total Expenditures & Other Financing Uses		$ -	$ 57,662	$ 640
Excess (Deficit) of Resources Over Uses		$ 13,198	$ 3,572	$ 359,555
380	Nonrevenues	-	-	-
580	Nonexpenditures	-	-	-
Ending Cash & Investments:				
508.10	Reserved	-	-	-
508	Unreserved	$ 13,198	$ 3,572	$ 359,555

The accompanying notes are an integral part of this statement.

GRAYS HARBOR COUNTY

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For The Year Ended December 31, 2011

BARS CODE		Fund 108 Sheriff's Law Enf. Actual Amount	Fund 109 Crime Victim Actual Amount	Fund 110 Roads Actual Amount
Beginning Cash & Investments:				
308	Unreserved	$ 214,176	$ 2,688	$ 4,073,394
308.10	Reserved	-	-	550
Revenues & Other Sources				
310	Taxes	$ -	$ -	$ 6,111,232
320	Licenses & Permits	-	-	5,342
330	Intergovernmental	77,731	34,037	6,541,293
340	Charges for Goods & Services	-	50,219	2,798
350	Fines & Penalties	-	-	-
360	Miscellaneous	10,035	-	166,175
390	Other Financing Sources	-	-	1,213,437
Total Revenues & Other Financing Sources		$ 87,766	$ 84,256	$ 14,040,277
Total Resources		$ 301,942	$ 86,944	$ 18,114,221
Operating Expenditures:				
510	General Government	$ -	$ 82,929	$ 2,664
520	Public Safety	-	-	
530	Physical Environment	-	-	-
540	Transportation	-	-	10,146,082
550	Economic Environment	-	-	-
560	Mental & Physical Health	-	-	-
570	Culture & Recreation	-	-	-
Total Operating Expenditures		$ -	$ 82,929	$ 10,148,746
591-593	Debt Service	-	-	-
594-595	Capital Outlay	-	-	3,689,263
Total Expenditures		$ -	$ 82,929	$ 13,838,009
597-599	Other Financing Uses	105,000	-	-
Total Expenditures & Other Financing Uses		$ 105,000	$ 82,929	$ 13,838,009
Excess (Deficit) of Resources Over Uses		$ 196,942	$ 4,015	$ 4,276,212
380	Nonrevenues	-	-	-
580	Nonexpenditures	-	-	-
Ending Cash & Investments				
508.10	Reserved	-	-	550
508	Unreserved	$ 196,942	$ 4,015	$ 4,275,662

The accompanying notes are an integral part of this statement.

GRAYS HARBOR COUNTY

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For The Year Ended December 31, 2011

BARS CODE		Fund 111 Treasurer's M & O Actual Amount	Fund 112 Stadium/Tourism Actual Amount	Fund 114 Veteran's Relief Actual Amount
Beginning Cash & Investments:				
308	Unreserved	$ 150,654	$ 748,233	$ 99,053
308.10	Reserved	-	-	5,000
Revenues & Other Sources				
310	Taxes	$ 2,440	$ 860,945	$ 46,330
320	Licenses & Permits	-	-	-
330	Intergovernmental	-	-	2,184
340	Charges for Goods & Services	144,728	-	-
350	Fines & Penalties	-	-	-
360	Miscellaneous	-	424	1
390	Other Financing Sources	-	29,991	3,676
Total Revenues & Other Financing Sources		$ 147,168	$ 891,360	$ 52,191
Total Resources		$ 297,822	$ 1,639,593	$ 156,244
Operating Expenditures:				
510	General Government	$ 84,515	$ -	$ -
520	Public Safety	-	-	-
530	Physical Environment	-	-	-
540	Transportation	-	-	-
550	Economic Environment	-	-	38,475
560	Mental & Physical Health	-	-	-
570	Culture & Recreation	-	78,169	-
Total Operating Expenditures		$ 84,515	$ 78,169	$ 38,475
591-593	Debt Service	-	-	-
594-595	Capital Outlay	-	-	-
Total Expenditures		$ 84,515	$ 78,169	$ 38,475
597-599	Other Financing Uses	-	774,441	-
Total Expenditures & Other Financing Uses		$ 84,515	$ 852,610	$ 38,475
Excess (Deficit) of Resources Over Uses		$ 213,307	$ 786,983	$ 117,769
380	Nonrevenues	-	-	-
580	Nonexpenditures	-	-	-
Ending Cash & Investments:				
508.10	Reserved	-	-	5,000
508	Unreserved	$ 213,307	$ 786,983	$ 112,769

The accompanying notes are an integral part of this statement.

GRAYS HARBOR COUNTY

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For The Year Ended December 31, 2011

BARS CODE		Fund 116 Election Reserve Actual Amount	Fund 117 Landfill Postclosure Actual Amount	Fund 118 ORV Park Actual Amount
Beginning Cash & Investments:				
308	Unreserved	$ 98,723	$ 2,588,901	$ 32,548
308.10	Reserved	-	-	-
Revenues & Other Sources				
310	Taxes	$ -	$ -	$ -
320	Licenses & Permits	-	-	-
330	Intergovernmental	35,521	-	65,684
340	Charges for Goods & Services	37,564	-	-
350	Fines & Penalties	-	-	-
360	Miscellaneous	-	18,187	15,179
390	Other Financing Sources	-	-	20,000
Total Revenues & Other Financing Sources		$ 73,085	$ 18,187	$ 100,863
Total Resources		$ 171,808	$ 2,607,088	$ 133,411
Operating Expenditures:				
510	General Government	$ 10,516	$ -	$ -
520	Public Safety	-	-	-
530	Physical Environment	-	299,014	-
540	Transportation	-	-	-
550	Economic Environment	-	-	-
560	Mental & Physical Health	-	-	-
570	Culture & Recreation	-	-	75,719
Total Operating Expenditures		$ 10,516	$ 299,014	$ 75,719
591-593	Debt Service	-	-	554
594-595	Capital Outlay	184,877	-	-
Total Expenditures		$ 195,393	$ 299,014	$ 76,273
597-599	Other Financing Uses	-	-	29,991
Total Expenditures & Other Financing Uses		$ 195,393	$ 299,014	$ 106,264
Excess (Deficit) of Resources Over Uses		$ (23,585)	$ 2,308,074	$ 27,147
380	Nonrevenues	45,000	1,151,470	-
580	Nonexpenditures	-	1,094,906	19,910
Ending Cash & Investments:				
508.10	Reserved	-	2,364,638	-
508	Unreserved	$ 21,415	$ -	$ 7,237

The accompanying notes are an integral part of this statement.

GRAYS HARBOR COUNTY

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For The Year Ended December 31, 2011

BARS CODE		Fund 129 Public Health Actual Amount	Fund 130 Real Estate Excise Actual Amount	Fund 131 Tax Refund Actual Amount
Beginning Cash & Investments:				
308	Unreserved	$ 304,329	$ 146,213	$ 14,240
308.10	Reserved	225	-	-
Revenues & Other Sources				
310	Taxes	$ -	$ -	$ 39
320	Licenses & Permits	5,775	-	-
330	Intergovernmental	2,668,313	-	-
340	Charges for Goods & Services	70,351	-	-
350	Fines & Penalties	-	-	-
360	Miscellaneous	21,610	-	-
390	Other Financing Sources	550,788	-	-
Total Revenues & Other Financing Sources		$ 3,316,837	$ -	$ 39
Total Resources		$ 3,621,391	$ 146,213	$ 14,279
Operating Expenditures:				
510	General Government	$ 578,998	$ -	$ -
520	Public Safety	-	-	-
530	Physical Environment	-	-	-
540	Transportation	-	-	-
550	Economic Environment	-	-	-
560	Mental & Physical Health	2,731,754	-	-
570	Culture & Recreation	-	-	-
Total Operating Expenditures		$ 3,310,752	$ -	$ -
591-593	Debt Service	-	-	-
594-595	Capital Outlay	-	-	-
Total Expenditures		$ 3,310,752	$ -	$ -
597-599	Other Financing Uses	-	-	-
Total Expenditures & Other Financing Uses		$ 3,310,752	$ -	$ -
Excess (Deficit) of Resources Over Uses		$ 310,639	$ 146,213	$ 14,279
380	Nonrevenues	-	-	-
580	Nonexpenditures	-	-	-
Ending Cash & Investments:				
508.10	Reserved	225	-	-
508	Unreserved	$ 310,414	$ 146,213	$ 14,279

The accompanying notes are an integral part of this statement.

GRAYS HARBOR COUNTY

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For The Year Ended December 31, 2011

BARS CODE		Fund 139 CDMH Therapy Ct Actual Amount	Fund 140 Mental Health Actual Amount	Fund 145 Homeless Housing Actual Amount
Beginning Cash & Investments:				
308	Unreserved	$ 680,623	$ 5,579,754	$ 1,144,742
308.10	Reserved	-	-	-
Revenues & Other Sources				
310	Taxes	$ 946,583	$ -	$ -
320	Licenses & Permits	-	-	-
330	Intergovernmental	-	7,986,251	-
340	Charges for Goods & Services	-	-	298,698
350	Fines & Penalties	-	-	-
360	Miscellaneous	-	7,874	482
390	Other Financing Sources	-	81,235	-
Total Revenues & Other Financing Sources		$ 946,583	$ 8,075,360	$ 299,180
Total Resources		$ 1,627,206	$ 13,655,114	$ 1,443,922
Operating Expenditures:				
510	General Government	$ -	$ -	$ -
520	Public Safety	-	-	-
530	Physical Environment	-	-	-
540	Transportation	-	-	-
550	Economic Environment	-	-	8,857
560	Mental & Physical Health	29,366	6,572,205	-
570	Culture & Recreation	-	-	-
Total Operating Expenditures		$ 29,366	$ 6,572,205	$ 8,857
591-593	Debt Service	-	-	-
594-595	Capital Outlay	-	-	-
Total Expenditures		$ 29,366	$ 6,572,205	$ 8,857
597-599	Other Financing Uses	-	-	-
Total Expenditures & Other Financing Uses		$ 29,366	$ 6,572,205	$ 8,857
Excess (Deficit) of Resources Over Uses		$ 1,597,840	$ 7,082,909	$ 1,435,065
380	Nonrevenues	-	-	-
580	Nonexpenditures	-	31,394	-
Ending Cash & Investments:				
508.10	Reserved	1,597,840	7,051,515	1,435,065
508	Unreserved	$ -	$ -	$ -

The accompanying notes are an integral part of this statement.

GRAYS HARBOR COUNTY

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For The Year Ended December 31, 2011

BARS CODE		Fund 204 Facilities Bonds Actual Amount	Fund 205 LTGO Bonds 2003 Actual Amount	Fund 301 Facilities Capital Actual Amount	Fund 303 Fair Bldg Constr. Actual Amount
Beginning Cash & Investments:					
308	Unreserved	$ -	$ -	$ -	$ 6,638
308.10	Reserved	-	-	-	-
Revenues & Other Sources					
310	Taxes	$ -	$ -	$ -	$ -
320	Licenses & Permits	-	-	-	-
330	Intergovernmental	-	-	-	-
340	Charges for Goods & Services	-	-	-	5,430
350	Fines & Penalties	-	-	-	-
360	Miscellaneous	-	-	-	31,000
390	Other Financing Sources	740,529	107,309	21,136	114,895
Total Revenues & Other Financing Sources		$ 740,529	$ 107,309	$ 21,136	$ 151,325
Total Resources		$ 740,529	$ 107,309	$ 21,136	$ 157,963
Operating Expenditures:					
510	General Government	$ -	$ -	$ -	$ -
520	Public Safety	-	-	-	-
530	Physical Environment	-	-	-	-
540	Transportation	-	-	-	-
550	Economic Environment	-	-	-	-
560	Mental & Physical Health	-	-	-	-
570	Culture & Recreation	-	-	-	-
Total Operating Expenditures		$ -	$ -	$ -	$ -
591-593	Debt Service	740,832	107,611	2,322	10,762
594-595	Capital Outlay	-	-	-	94,863
Total Expenditures		$ 740,832	$ 107,611	$ 2,322	$ 105,625
597-599	Other Financing Uses	-	-	-	-
Total Expenditures & Other Financing Uses		$ 740,832	$ 107,611	$ 2,322	$ 105,625
Excess (Deficit) of Resources Over Uses		$ (303)	$ (302)	$ 18,814	$ 52,338
380	Nonrevenues	-		-	94,906
580	Nonexpenditures	-		18,814	104,133
Ending Cash & Investements:					
508.10	Reserved	-	-	-	-
508	Unreserved	$ (303)	$ (302)	$ -	$ 43,111

The accompanying notes are an integral part of this statement.

GRAYS HARBOR COUNTY

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For The Year Ended December 31, 2011

BARS CODE		Fund 307 Cum. Res. Constr. Actual Amount	Fund 309 Capital Improv. Actual Amount	Fund 310 Distressed Area Cap. Actual Amount
Beginning Cash & Investments:				
308	Unreserved	$ 1,620,830	$ 54,318	$ 863,672
308.10	Reserved	-	-	-
Revenues & Other Sources				
310	Taxes	$ -	$ 365,275	$ 851,945
320	Licenses & Permits	-	-	-
330	Intergovernmental	-	-	2,700
340	Charges for Goods & Services	-	-	-
350	Fines & Penalties	-	-	-
360	Miscellaneous	182,417	50	847
390	Other Financing Sources	100,000	-	-
Total Revenues & Other Financing Sources		$ 282,417	$ 365,325	$ 855,492
Total Resources		$ 1,903,247	$ 419,643	$ 1,719,164
Operating Expenditures:				
510	General Government	$ -	$ -	$ -
520	Public Safety	-	-	-
530	Physical Environment	-	-	-
540	Transportation	-	-	-
550	Economic Environment	-	-	171,455
560	Mental & Physical Health	-	-	-
570	Culture & Recreation	-	-	-
Total Operating Expenditures		$ -	$ -	$ 171,455
591-593	Debt Service	-	-	120,831
594-595	Capital Outlay	-	-	-
Total Expenditures		$ -	$ -	$ 292,286
597-599	Other Financing Uses	510,728	250,937	228,075
Total Expenditures & Other Financing Uses		$ 510,728	$ 250,937	$ 520,361
Excess (Deficit) of Resources Over Uses		$ 1,392,519	$ 168,706	$ 1,198,803
380	Nonrevenues	-	-	-
580	Nonexpenditures	-	-	-
Ending Cash & Investments:				
508.10	Reserved	-	-	1,198,803
508	Unreserved	$ 1,392,519	$ 168,706	$ -

The accompanying notes are an integral part of this statement.

GRAYS HARBOR COUNTY

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For The Year Ended December 31, 2011

BARS CODE		Fund 401 Solid Waste Actual Amount	Fund 402 Hogans Corner Water Actual Amount	Fund 403 Tax Title Mgmt. Actual Amount
Beginning Cash & Investments:				
308	Unreserved	$ 972,809	$ 140,947	$ 1,882,091
308.10	Reserved	-	-	-
Revenues & Other Sources				
310	Taxes	$ -	$ -	$ 28,094
320	Licenses & Permits	-	-	2,357
330	Intergovernmental	77,555	-	-
340	Charges for Goods & Services	2,881,953	199,038	-
350	Fines & Penalties	-	-	-
360	Miscellaneous	583,110	162	77,141
390	Other Financing Sources	-	50,000	1,855,679
Total Revenues & Other Financing Sources		$ 3,542,618	$ 249,200	$ 1,963,271
Total Resources		$ 4,515,427	$ 390,147	$ 3,845,362
Operating Expenditures:				
510	General Government	$ 9,586	$ -	$ -
520	Public Safety	-	-	-
530	Physical Environment	3,604,855	85,085	1,207,624
540	Transportation	-	-	-
550	Economic Environment	-	-	-
560	Mental & Physical Health	-	-	-
570	Culture & Recreation	-	-	-
Total Operating Expenditures		$ 3,614,441	$ 85,085	$ 1,207,624
591-593	Debt Service	-	24,834	-
594-595	Capital Outlay	42,345	1,906	11,164
Total Expenditures		$ 3,656,786	$ 111,825	$ 1,218,788
597-599	Other Financing Uses	-	-	-
Total Expenditures & Other Financing Uses		$ 3,656,786	$ 111,825	$ 1,218,788
Excess (Deficit) of Resources Over Uses		$ 858,641	$ 278,322	$ 2,626,574
380	Nonrevenues	-	-	-
580	Nonexpenditures	-	137,995	-
Ending Cash & Investments:				
508.10	Reserved	-	-	-
508	Unreserved	$ 858,641	$ 140,327	$ 2,626,574

The accompanying notes are an integral part of this statement.

GRAYS HARBOR COUNTY

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For The Year Ended December 31, 2011

BARS CODE		Fund 404 Pacific Beach Sewer Actual Amount	Fund 405 PB/Moclips Water Actual Amount	Fund 406 North Beach Water Actual Amount
Beginning Cash & Investments:				
308	Unreserved	$ 1,337,307	$ 833,451	$ 75,872
308.10	Reserved	132,607	-	-
Revenues & Other Sources				
310	Taxes	$ -	$ 414	$ -
320	Licenses & Permits	-	-	-
330	Intergovernmental	-	-	-
340	Charges for Goods & Services	472,760	371,103	69,553
350	Fines & Penalties	-	-	-
360	Miscellaneous	74,876	8,325	14
390	Other Financing Sources	29,062	-	-
Total Revenues & Other Financing Sources		$ 576,698	$ 379,842	$ 69,567
Total Resources		$ 2,046,612	$ 1,213,293	$ 145,439
Operating Expenditures:				
510	General Government	$ -	$ -	$ -
520	Public Safety	-	-	-
530	Physical Environment	482,631	363,190	112,048
540	Transportation	-	-	-
550	Economic Environment	-	-	-
560	Mental & Physical Health	-	-	-
570	Culture & Recreation	-	-	-
Total Operating Expenditures		$ 482,631	$ 363,190	$ 112,048
591-593	Debt Service	65,537	400	-
594-595	Capital Outlay	3,812	85,723	1,906
Total Expenditures		$ 551,980	$ 449,313	$ 113,954
597-599	Other Financing Uses	-	-	-
Total Expenditures & Other Financing Uses		$ 551,980	$ 449,313	$ 113,954
Excess (Deficit) of Resources Over Uses		$ 1,494,632	$ 763,980	$ 31,485
380	Nonrevenues	-	-	-
580	Nonexpenditures	211,661	40,049	-
Ending Cash & Investments:				
508.10	Reserved	132,827	-	-
508	Unreserved	$ 1,150,144	$ 723,931	$ 31,485

The accompanying notes are an integral part of this statement.

GRAYS HARBOR COUNTY

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For The Year Ended December 31, 2011

BARS CODE		Fund 501 Equipment Rental Actual Amount	Fund 503 Central Services Actual Amount	Fund 504 Insurance Actual Amount
Beginning Cash & Investments:				
308	Unreserved	$ 1,862,144	$ 253,358	$ 340,711
308.10	Reserved	-	250	-
Revenues & Other Sources				
310	Taxes	$ -	$ -	$ -
320	Licenses & Permits	-	-	-
330	Intergovernmental	-	-	-
340	Charges for Goods & Services	805,634	948,921	8,967
350	Fines & Penalties	814	-	-
360	Miscellaneous	2,442,808	25,792	960,975
390	Other Financing Sources	350	4,355	138,874
Total Revenues & Other Financing Sources		$ 3,249,606	$ 979,068	$ 1,108,816
Total Resources		$ 5,111,750	$ 1,232,676	$ 1,449,527
Operating Expenditures:				
510	General Government	$ 11,636	$ 908,258	$ 1,127,867
520	Public Safety	521,642	-	-
530	Physical Environment	-	-	-
540	Transportation	2,598,594	-	-
550	Economic Environment	-	-	-
560	Mental & Physical Health	-	-	-
570	Culture & Recreation	-	-	-
Total Operating Expenditures		$ 3,131,872	$ 908,258	$ 1,127,867
591-593	Debt Service	-	-	-
594-595	Capital Outlay	423,042	-	-
Total Expenditures		$ 3,554,914	$ 908,258	$ 1,127,867
597-599	Other Financing Uses	-	-	-
Total Expenditures & Other Financing Uses		$ 3,554,914	$ 908,258	$ 1,127,867
Excess (Deficit) of Resources Over Uses		$ 1,556,836	$ 324,418	$ 321,660
380	Nonrevenues	-	-	-
580	Nonexpenditures	-	-	-
Ending Cash & Investments:				
508.10	Reserved	-	250	-
508	Unreserved	$ 1,556,836	$ 324,168	$ 321,660

The accompanying notes are an integral part of this statement.

GRAYS HARBOR COUNTY

FIDUCIARY FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For The Year Ended December 31, 2011

	Total for All Funds	Fund 621 Personal Property	Fund 642 Drug Task Force	Fund 649 Boating Safety
	Total Amount	Actual Amount	Actual Amount	Actual Amount
Beginning Cash & Investments	$ 1,326,514	$ 222	$ 43,165	$ 102,950
Revenues & Other Financing Sources	18,377,158	-	17,868	-
Total Resources	$ 19,703,672	$ 222	$ 61,033	$ 102,950
Total Expenditures & Other Financing Uses	73,569	-	73,569	-
Excess (Deficit) of Resources Over Uses	$ 19,630,103	$ 222	$ (12,536)	$ 102,950
Nonrevenues	2,936,679	-	60,000	15,552
Nonexpenditures	20,953,067	-	-	12,880
Ending Cash & Investments	$ 1,613,715	$ 222	$ 47,464	$ 105,622

The Accompanying Notes Are An Integral Part Of This Statement.

GRAYS HARBOR COUNTY

FIDUCIARY FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For The Year Ended December 31, 2011

	Fund 652 State Remittances	Fund 676 County Schools	Fund 677 Suspense
	Actual Amount	Actual Amount	Actual Amount
Beginning Cash & Investments	$ 262,117	$ 92,968	$ 825,092
Revenues & Other Financing Sources	15,425,433	2,933,857	-
Total Resources	$ 15,687,550	$ 3,026,825	$ 825,092
Total Expenditures & Other Financing Uses	-	-	-
Excess (Deficit) of Resources Over Uses	$ 15,687,550	$ 3,026,825	$ 825,092
Nonrevenues	1,798,126	17,025	1,045,976
Nonexpenditures	17,117,683	2,960,403	862,101
Ending Cash & Investments	$ 367,993	$ 83,447	$ 1,008,967

The Accompanying Notes Are An Integral Part Of This Statement.

GRAYS HARBOR COUNTY, WASHINGTON

Notes to Financial Statements
December 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County reports financial activity using the revenue and expenditure classifications, statements, and schedules contained in the Cash Basis Budgeting, Accounting and Reporting System (BARS) manual. This basis of accounting and reporting is an other comprehensive basis of accounting (OCBOA) that is prescribed by the State Auditor's Office under the authority of Washington State Law, Chapter 43.09 RCW.

Grays Harbor County was incorporated on May 15, 1915 and operates under the laws of the state of Washington applicable to a county government. The County is a general purpose government and provides the following services: public safety, road improvement, solid waste management, planning and zoning, parks and recreation, judicial administration, health and social services, and general administrative services. The County uses single-entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

A. Fund Accounting

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

GOVERNMENTAL FUND TYPES:

General (Current Expense) Fund

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

Special Revenue Funds

These funds account for revenues that are legally restricted or designated to finance particular activities of the County.

Debt Service Funds

These funds account for the accumulation of resources to pay principal, interest and related costs of general long-term debt.

Capital Projects Funds

These funds account for financial resources which are designated for the acquisition or construction of general government capital projects.

PROPRIETARY FUND TYPES:

Enterprise funds

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

Internal Service Funds

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

FIDUCIARY FUND TYPES:

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

Agency Funds

These funds are used to account for assets the County holds for others in an agency capacity.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Revenues are recognized only when cash is received and expenditures are recognized when paid.

Purchases of capital assets are expensed during the year of acquisition. There is no capitalization of capital assets or allocation of depreciation expense. Inventory is expensed when purchased.

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

C. Budgets

The County adopts annual appropriated budgets for all funds. These budgets are appropriated at the fund level, except the general fund, where budget is adopted at the department level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

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

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

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund:			
Assessor	$1,191,313	$1,177,151	$14,162
Auditor	696,115	622,172	73,943
Board of Equalization	43,993	39,135	4,858
Civil Service	37,785	36,225	1,560
Clerk	706,457	699,838	6,619
Commissioners	461,761	458,691	3,070
Environmental Health	659,205	658,921	284
Coroner	261,890	251,783	10,107
Facility Services	1,096,858	1,075,627	21,231
Disability	5,989	5,904	85
Boundary Review Board	7,270	4,942	2,328
Extension Agent	267,325	251,345	15,980
District Court	1,546,419	1,508,956	37,463
Juvenile	2,411,380	2,356,609	54,771
Planning & Building	934,379	917,280	17,099
Prosecutor	2,169,039	2,102,005	67,034
Sheriff/Jail	9,060,358	9,047,265	13,093
Superior Court	702,493	692,793	9,700
Treasurer	566,072	545,239	20,833
Public Defense	800,128	766,101	34,027
Park & Vegetation Mgmt	29,452	27,645	1,806
Advanced Expenditure	223,100	157,365	65,735
Non-Departmental	1,943,473	1,897,926	45,547
Total General Fund	*$25,822,254*	*$25,300,917*	*$521,337*
Special Projects	$1,868,583	$910,004	$958,579
Auditor’s M & O	181,396	149,540	31,856
Fairgrounds	1,354,339	1,260,631	93,708
Trial Court Improvement	29,116	29,115	1
Law Library	59,600	57,662	1,938
Affordable Housing	207,000	640	206,360
Sheriff’s Law Enforcement	106,000	105,000	1,000
Federal Equitable Sharing	1,000	0	1,000
Crime Victim Penalty	92,862	82,929	9,933
Roads	16,374,583	13,838,008	2,536,575
Treasurer’s M & O	44,060	84,515	(40,455)

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
Stadium	461,193	239,049	222,144
Tourism	674,506	613,561	60,945
Veteran's Relief	51,500	38,475	13,025
NOAA Radio – DEM	2,000	0	2,000
Election Reserve	241,665	195,392	46,273
Landfill Postclosure	1,775,000	1,393,920	381,080
ORV Park	305,000	126,174	178,826
Public Health	3,645,693	3,310,752	334,941
Real Estate Excise Tax Technology	40,000	0	40,000
Chem Dep/MH/Therapy Court	475,413	29,366	446,047
Mental Health	7,466,354	5,652,820	1,813,534
Substance Abuse	723,795	407,057	316,738
Developmental Disabilities	695,885	512,329	183,557
Mental Health RSN Reserve	2,000	0	2,000
Mental Health Inpatient	700	0	700
Mental Health Operating Reserve	600	0	600
MH/DDD Levy Tax	82,750	0	82,750
Homeless Housing	807,000	8,857	798,143
Facilities Bond	740,728	740,832	(104)
LTGO Bonds 2003	107,508	107,611	(103)
Facilities Capital	23,447	21,136	2,311
Fair Building Construction	1,265,436	209,758	1,055,678
Cumulative Reserve Construction	514,328	510,728	3,600
Capital Improvements	253,447	250,937	2,510
Distressed Area Capital	1,014,141	520,362	493,779
Solid Waste Plan	4,258,925	3,656,785	602,140
Hogan's Corner Water System	292,700	249,820	42,880
Tax Title Management	1,470,088	1,218,788	251,300
Pacific Beach Sewer M & O	616,862	584,491	32,370
PB Sewer Bond ULID #7	95,400	95,292	108
PB Sewer Bond ULID #8	85,000	83,857	1,143
PB/Moclips Water Sys. M & O	596,814	448,913	147,901
PB/Moclips Water Sys. Bond	700	0	700
PB/Moclips Water PWTF Debt	40,451	40,450	1
North Beach Water System	143,768	113,954	29,814
Equipment Rental & Revolving	4,443,147	3,554,915	888,232
Central Services	1,040,058	908,258	131,800
Insurance	1,203,025	1,127,867	75,158
Total Miscellaneous Funds	*$55,975,566*	*$43,490,550*	*$12,485,016*
County Totals	*$81,797,820*	*$68,791,467*	*$13,006,353*

Budgeted amounts are authorized to be transferred between object classes within departments; 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 Board of County Commissioners.

The following funds had amendments to their appropriated budgets during 2011:

Fund	Original Appropriation	Amendments	Final Appropriation
General Fund	$24,253,167	$1,569,087	$25,822,254
Special Projects	1,813,243	55,340	1,868,583
Auditor's M & O	131,496	49,900	181,396
Fair	1,291,739	62,600	1,354,339
Trial Court Improvement	26,285	2,831	29,116
Law Library	51,365	8,235	59,600
Stadium	1,062,654	73,045	1,135,699
Election Reserve	26,665	215,000	241,665
Ab. Landfill Postclosure	1,735,000	40,000	1,775,000
Public Health & Social Services	3,883,335	(237,642)	3,645,693
Chem Dep/MH/Therapeutic Court	40,000	435,413	475,413
Mental Health	8,354,607	617,477	8,972,084
Hogan's Corner Water System	262,200	30,500	292,700
Tax Title Management	1,270,088	200,000	1,470,088
PB/Moclips Water System	637,315	650	637,965
North Beach Water System	90,650	53,118	143,768
Equipment Rental & Revolving	3,596,382	846,765	4,443,147

D. Cash

It is the County's policy to invest all temporary cash surpluses. The amount is included in the cash and investments shown on the statements of fund resources and uses arising from cash transactions. The interest on these investments is posted to the general fund.

E. Deposits

The County's deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission.

F. Investments – See Note 3.

G. Capital Assets

Capital assets are long-lived assets of the County and are recorded as expenditures when purchased.

H. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation and sick leave. Vacation pay may be accumulated and is payable upon resignation, retirement or death. Maximum allowable accruals are set by union contract.

I. Long -Term Debt – See Note 6.

J. Other Financing Sources or Uses

The County's "Other Financing Sources or Uses" consist of transfers to and from other funds, sale of County timber, sale of fixed assets and insurance recoveries.

K. Risk Management - See Note 9.

L. Reserved Cash Balances

This cash and/or investment is not available for spending due to restrictions imposed by external parties or internal commitments. The County's reserved cash balances at 12/31/11 were as follows:

Fund #	Purpose	Amount
001	Reserved for imprest accounts.	$43,035
103	Reserved for imprest accounts.	4,200
110	Reserved for imprest accounts.	550
114	Reserved for imprest accounts.	5,000
117	Reserved for landfill post-closure costs.	2,364,638
129	Reserved for imprest accounts.	225
139	Reserved by County Resolution #2009-94.	1,597,840
140	Reserved due to restrictions on grant revenue.	7,051,515
145	Reserved by County Resolution #2005-66.	1,435,065
310	Reserved due to restrictions on the use of sales tax revenue.	1,198,803
404	Reserved to meet loan and bond requirements.	132,827
503	Reserved for imprest accounts.	250
	Total	$13,833,948

NOTE 2 – COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of finance related legal or contractual provisions. There were no expenditures exceeding legal appropriations in the funds of the County, except in the following funds. The Treasurer's M & O fund overspent their budget $40,455. This fund operates as a revolving fund and is not subject to budgetary limitations. The Facilities Bond and LTGO Bonds 2003 funds both had negative cash balances of $300 and expenditures exceeding their budgets by $100 as a result of debt issue costs being paid late in December 2011 instead of in January 2012.

NOTE 3 – INVESTMENTS

The County's investments are either insured, registered or held by the County or its agent in the County's name. Investments are presented at cost.

Investments by type at December 31, 2011 are as follows:

Type of Investment	County's own investments	Investments held by County as an agent for other local governments	Total
LGIP	$23,472,148	$22,057,847	$45,529,995
Securities	2,999,729	0	2,999,729
Money Market Accounts	760,000	115,494	875,494
Total	$27,231,877	$22,173,341	$49,405,218

NOTE 4 – PROPERTY TAXES

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

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

The County's regular general government services levy for 2011 was $1.3673461 per $1,000 on an assessed valuation of $6,709,870,101 for a total regular levy of $9,174,715. There was also a levy for Veteran's Relief of $.0067065 per $1,000 totaling $45,000.

The County is also authorized to levy 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. The County's road levy for 2011 was $1.8743805 per $1,000 on an assessed valuation of $2,751,121,641 for a total road levy of $5,156,649.

NOTE 5 – INTERFUND LOANS AND ADVANCES

The following table displays interfund loan activity during 2011:

BORROWING FUND	LENDING FUND	BALANCE 1/01/11	NEW LOANS	REPAYMENTS	BALANCE 12/31/11
Fair Construction	Landfill Post-closure	$321,734	$94,906	$104,133	$312,507
Election Reserve	Auditor's M & O	0	45,000	0	45,000
General Fund	Landfill Post-closure	26,644	0	8,614	18,030
Facilities Capital	Landfill Post-closure	78,477	0	18,814	59,663
ORV Park	Landfill Post-closure	19,910	0	19,910	0
General Fund	Landfill Post-closure	0	1,000,000	1,000,000	0
Totals		$446,765	$1,139,906	$1,151,471	$435,200

NOTE 6 – LONG-TERM DEBT

The accompanying Schedule of Liabilities (09) provides a listing of the outstanding debt and liability of the County and summarizes the County's debt transactions for 2011. Debt service payments for the year being reported and future payment requirements, including interest, are as follows:

	GENERAL OBLIGATION BONDS	ASSESSMENT BONDS	INTER-GOVERNMENTAL LOANS	TOTAL DEBT
2011	847,236	179,149	422,160	1,448,545
2012	846,447	179,149	379,690	1,405,286
2013	850,032	179,149	377,664	1,406,845
2014	852,125	179,149	375,641	1,406,915
2015	852,900	179,148	368,597	1,400,645
2016	892,050	179,149	317,829	1,389,028
2017-2021	4,435,940	621,129	1,232,08	6,289,154
2022-2026	1,000,270	-	848,882	1,849,152
2027-2028	-	-	280,130	280,130
Totals	$10,577,000	$1,696,022	$4,602,678	$16,875,700

NOTE 7 – PENSION PLANS

Substantially all County full-time and qualifying part-time employees participate in PERS, LOEFF and PSERS administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. Actuarial information is on a system-wide basis and is not considered pertinent to the County's financial statements. Contributions to the systems by both employee and employer are based upon gross wages covered by plan benefits.

Historical trend or other information regarding each plan is presented in the Washington State Department of Retirement Systems annual financial report. A copy of this report may be obtained by writing to:

Department of Retirement Systems
Communications Unit
P. O. Box 48380
Olympia, WA 98504-8380.

NOTE 8 – POST RETIREMENT HEALTH CARE BENEFITS

In addition to the pension benefits described in Note 7, and in accordance with the LEOFF Act, the County pays for health insurance and medical costs not covered by insurance for retired full-time, fully compensated, law enforcement officers who established membership in the LEOFF 1 retirement system on or before September 30, 1977. Substantially all of the County's law enforcement officers who established membership in the LEOFF 1 retirement system may be eligible for these benefits when they reach normal retirement age. The County reimburses retired LEOFF 1 law enforcement officers for reasonable medical charges as described in the LEOFF act. In 2011, 17 retirees received benefits under this Act. As of December 31, 2011, there were 3 active officers with an average age of 58 years who become eligible for these benefits when they reach normal retirement age.

The cost of retiree health care benefits is recognized as an expenditure in the General Fund as claims are paid. For 2011, these costs totaled $83,877 with an average cost per retiree of $4,940.

NOTE 9 - RISK MANAGEMENT

Grays Harbor County is one of twenty-seven members of the Washington Counties Risk Pool ("Pool"). Other members include: Adams, Benton, Chelan and Clallam, Clark, Columbia, Cowlitz and Douglas, Franklin, Garfield and Island, Jefferson, Kittitas, Lewis and Mason, Okanogan, Pacific, Pend Oreille and San Juan, Skamania, Skagit, Spokane and Thurston, Walla Walla, Whatcom and Yakima Counties. Kitsap, Klickitat and Whitman Counties are former Pool members, having terminated their memberships September 30, 2010, 2002 and 2003 respectively.

Contingent Liability: The Pool is a cooperative program with joint liability amongst its participating members. Contingent liabilities occur when assets are not sufficient to cover liabilities. Deficits resulting from any of the Pool's fiscal years are financed by proportional reassessments (aka retroactive assessments) amongst the deficient year's membership. The Pool's reassessments receivable balance at December 31, 2011 was $0 as no contingent liabilities were known to exist at that time.

Joint Self-Insurance Liability Program: The Pool has provided its member counties occurrence-based, jointly self-insured and/or jointly purchased liability coverage for 3rd-party bodily injury, personal injury, property damage, errors and omissions, and advertising injury, including public officials' errors and omissions, since October 1, 1988. Total coverage limits have grown over time, from the $1 million limit during the Pool's initial two months to $5 million, then to $10 million and onto $15 million before reaching the $20 million limit the past eight years. (Note: Additional limits of $5 million were offered the past several years for acquisition as a member-by-member option.)

Except for the Pool's self insured retention (the greater of the member's deductible or $100,000), the initial coverage of at least $10 million has been fully reinsured since October 1994 by superior-rated commercial carriers. Members annually select a deductible amount of $10,000, $25,000, $50,000, $100,000, $250,000 or $500,000. The remaining insurance (up to $15 million) is acquired as "following form" excess insurance, also from superior-rated commercial carriers. There are no aggregate limits to the payments made for any one member county or all member counties combined.

The Pool's claims database increased during Py2011 with the addition of 744 new claims (and lawsuits) raising the 3rd-party liability claims to-date total submitted by member counties to 17,982. Estimates of total incurred losses (payments made plus reserved estimates for *open* claims) increased $16.0 million during the year to $237.4 million.

Washington Counties Property Program: Since the Pool began offering the jointly-purchased, fully-insured property insurance coverage to its membership in October 2005 as an individual county option, participation has grown by more than 50% and the total value of covered properties has nearly doubled. Twenty seven member counties with covered properties totaling $2.6 billion participated in this program during Py2011.

Coverage is for structures, vehicles, mobile equipment, EDP equipment, etc., and composite limits include $500 million for normal (All Other Perils) exposures and $200 million for catastrophe (Flood / Earthquake) exposures. Occurrence deductibles, which the participating counties annually select from and which they are solely responsible for, range between $5,000 and $50,000 for the AOP coverage.

Superior-rated commercial insurers are responsible for covered losses exceeding the participant deductibles to the maximum limits of the policy. There were 13 property claims submitted for processing during Py2011 with incurred losses-to-date totaling nearly $0.85 million. During its first six years being offered through the WCRP as an optional insuring program, there have been 78 property claims filed with incurred losses-to-date totaling nearly $9.75 million. With to-date premiums for this coverage totaling $13.75 million, the resulting to-date loss ratio is 0.71.

Other Insurances: Several member counties also use the Pool's producer (broker) for other insurance placements. Public officials bonds, or crime & fidelity, special events/concessionaires and environmental hazards insurance coverages are a few examples.

Background: The Pool was formed August 18, 1988 when several Washington counties approved an Interlocal (Cooperative) Agreement under Chapter 39.34 RCW to provide its member counties with "joint" programs and services including self-insurance, purchasing of insurance, and contracting for or hiring of personnel to provide administrative services, claims handling and risk management. The Pool operates under Washington's "pooling" laws, more specifically Chapters 48.62 RCW and 200.100 WAC. It is overseen by the State Risk Manager and subject to fiscal audits performed annually by the State Auditor.

The Pool's mission is: To provide comprehensive and economical risk coverage; to reduce the frequency and severity of losses; and to decrease costs incurred in the managing and litigation of claims. The Pool's core values include: being committed to learn, understand and respond to the member counties' insurance needs; being committed to establish working relationships with all members that identify business issues and jointly develop solutions; member counties commit to allocate necessary resources to risk management in their own operations; the Pool's board of directors and professional staff share a commitment to manage the organization based on sound business principles, benchmarked industry standards and measurable outcomes; and being committed to continuous planning and innovation in product development and service delivery.

The enabling Interlocal Agreement was amended once (in 2000) to add a Membership Compact, a commitment to strengthen the Pool by helping its member counties implement and/or enhance local risk management efforts to reduce losses and support the best management of the Pool and its resources. The intent of the Compact was to obligate member counties to support these goals through three major elements; membership involvement, risk control practices, and a targeted risk management program.

A new member may be asked to pay modest admittance fees to cover that member's share of the Pool's organizational expenses and costs to analyze its loss data and risk profile. Members contract initially to remain in the Pool for at least five years. Counties may terminate their memberships at the conclusion of any Pool fiscal year following the initial term if the county timely files its required advance written notice. Otherwise, the Interlocal Agreement is renewed automatically for another year. Even after termination, a former member remains responsible for reassessments from the Pool for its proportional shares of any unresolved, unreported, and in-process claims for the periods they were a signatory to the Interlocal Agreement.

Governance / Oversight: The Pool is governed by a board of directors consisting of one director (and at least one alternate director) appointed by each member county. The Pool's board of directors, made up of both elected and appointed county officials, meets three times each year with the summer meeting being the Pool's Annual Meeting. The board of directors is responsible for determining the 3rd-party liability coverage to be offered (approving the insuring document or coverage form), the reinsurance program(s) to acquire and the excess insurance(s) to be jointly purchased or offered for optional purchase by the member counties, for approval of the Pool's annual operating budget(s) and work program(s), and for approval of the member deposit assessment formulas applicable to the ensuing policy year.

Regular oversight of the Pool's operations is furnished by an 11-person executive committee. The committeepersons are elected by the Pool's board of directors from its membership to staggered, 3-year terms during each Annual Meeting. The committee meets several times throughout the year to approve all Pool disbursements and examine the Pool's financial health; to

approve any case settlement exceeding the member's deductible by at least $50,000, and to review all claims with incurred loss estimates exceeding $100,000; to evaluate the Executive Director and the Pool's operations and program deliverables; and to participate in the board's standing committees (finance, personnel, risk management, and underwriting) for development or review/revision of the organization's policies and coverage documents.

Staffing and Support Teams: The Pool's 5-person claims staff with more than eighty years combined claims-handling experience handles or oversees the handling of the several hundred liability cases filed upon the Pool's member counties each year. This includes establishing reserves for covered events and estimating undiscounted future cash payments for losses and their related claims adjustment expenses. Other Pool staffers provide various member services, e.g conducting risk assessments and compliance audits, coordinating numerous trainings, researching other coverages and marketing. Some address and support the organization's administrative needs.

Professionals from some of the most respected organizations worldwide are called upon regularly to address specific needs of the Pool. For example, independent actuarial services are furnished by PricewaterhouseCoopers, LLP; independent claims auditing is performed by Startegic Claims Direction with special claims audits frequently performed by the Pool's commercial reinsurers / insurers; insurance producer (broker) and advanced loss control services are provided by Arthur J. Gallagher Risk Management Services, Inc.; and coverage counsel is provided by J. William Ashbaugh of Hackett Beecher & Hart. These professionals are in addition to the many contracted and in-county attorneys assigned to defend Pool cases, as well as the examinations by and services from the State Risk Manager and the State Auditor.

Financial Summary: The following constitute the most significant highlights from the Pool's most recently completed Policy (Fiscal) Year (October 2010 through September 2011):

- *Net Operating Income* was realized of $0.8 million, a 58% decrease from the prior year.
- *Total Assets* grew $2.2 million (6%) to $41.1 million. Current assets increased $2.3 million (6%) while non-current assets decreased 4%.
- Total *Claims Reserves* for the Pool's direct reserving exposures increased to $15.0 million, up 6.7% from the prior year. This total includes: $5.6 million for losses in the coverage layer retained by the Pool, down 9.3%; $8.6 million for the aggregated stop losses in the retained layers associated with the "corridor" program for automobile and general liabilities, up 22%; and $0.8 million for unallocated loss adjustment expenses, down 5% from one year ago. *NOTE: The corridor program referenced is now five years old yet still not fully matured. Further, its occurrence coverage maximum was increased to one million dollars beginning with Py2010, up from the half million level that existed during the program's first three years, while the program's occurrence minimum remains the greater of the applicable member's deductible or $100,000.*
- *Net Position* (formerly referred to as *Net Assets* and also known as *Members' Equity*) increased $.08 million to $11.0 million as of September 30, 2011. Of the total, $5.5 million is classified as *Restricted Net Position* — $0.9 million to satisfy the State's solvency provisions (WAC 200.100.03001) plus $4.6 million for the Pool's Underwriting Policy requirements. $0.2 million is invested in a real property (fraud) recovery, and another $1 million in *Capital Assets* (net of debt). The remaining $4.4 million held as *Non-Restricted Net Position* is available for use as directed by the Pool's Board of Directors.

NOTE 10 – JOINT VENTURE

The County and cities of Aberdeen and Hoquiam jointly operate an Interagency Drug Task Force. The County reports the Task Force as an agency fund. The purpose of the Task Force is to enhance the investigation and enforcement of laws against illegal drugs.

The Task Force is governed by an administrative board composed of the County Sheriff and the Aberdeen and Hoquiam Police Chiefs. The Board is responsible for establishing the budget, authorizing the acquisition of equipment, setting operating policies and resolving disputes.

Activity for the year ended December 31, 2011 is as follows:

	Total	County
Revenue	$384,248	$208,237
Expenditures	$805,507	$485,217

NOTE 11 – LANDFILL POST-CLOSURE AGREEMENT

In September of 1990 Grays Harbor County entered into an agreement with Lemay Enterprises, Inc. (the Company), concerning the closure and post-closure care of the landfill operation known as the Aberdeen Sanitary Landfill, (the Landfill). This agreement was entered into to ensure that federal and state requirements concerning financial assurances for the closure and post-closure costs would be fulfilled.

Under the agreement, the Company increased tipping fees to provide funds for closure and post-closure activities. The Company is responsible for all costs associated with the closure of the facility.

The Company shall conduct all post-closure care of the Landfill in accordance with the approved post-closure plan and all applicable local, state and federal laws and regulations. Post-closure costs shall be approved by the County and paid out of the post-closure fund administered by the County. In the event that there are insufficient funds for the post-closure care of the Landfill, the County shall pay any and all shortfalls.

The minimum post-closure period is 20 years; however, post-closure activities will be required for as long as the Landfill is producing contaminated leachate or landfill gas. The County used a 30-year factor when establishing the increase of current tipping fees to fund the post-closure activities. Post-closure costs are estimated by the County to be approximately $250,000 per year. This amount is subject to change due to inflation, technology, and or regulation. Accumulated funds from the increase in tipping fees, which ceased when the Landfill closed during 1994, are anticipated to fully pay for the post-closure costs throughout the monitoring period.

GRAYS HARBOR COUNTY
SCHEDULE OF LIABILITIES
For The Year Ended December 31, 2011

I.D. No	Description	Beginning Balance 1/1/2011	Additions	Reductions	BARS Code for redemption of debt only	Ending Balance 12/31/2011
252.11	Water & Sewer Revenue Bonds, 1999	$ 692,595	$ -	$ 64,125	404.007.200.582.35.73.00	$ 628,470
252.11	Sewer Revenue Bonds, 2000	663,483	-	54,000	404.008.200.581.35.73.00	609,483
263.81	PWTF Loan, 1993	40,049	-	40,049	405.000.200.582.34.78.00	-
263.81	PWTF Loan, 1997	451,315	-	64,473	404.000.000.582.35.78.01	386,842
263.81	SRF Loan, 1996	159,840	-	29,062	404.000.000.582.35.78.00	130,778
263.81	DWSRF, 2009	2,483,906	-	137,995	402.000.000.582.34.78.00	2,345,911
263.81	CERB Loan, 1994	175,342	-	33,971	310.000.000.591.35.78.00	141,371
251.11	Limited Tax GO Bonds, 2002	6,805,000	-	415,000	204.000.000.591.19.71.00	6,390,000
263.81	CERB Loan, 2002	436,593	-	34,425	310.000.000.591.47.78.01	402,168
251.11	Limited Tax GO Bonds, 2003	1,070,000	-	65,000	205.000.000.591.19.71.00	1,005,000
263.81	CERB Loan, 2002	485,820	-	33,093	310.000.000.591.34.78.01	452,727
	Subtotal	13,463,945	-	971,193		12,492,750
259.11	Compensated Absences Liability-Govtl	1,544,230	-	81,771		1,462,459
259.12	Compensated Absences Liability-Prop	305,610	16,633	-		322,243
	Total	$ 15,313,785	$ 16,633	$ 1,052,964		$ 14,277,452

GRAYS HARBOR COUNTY, WASHINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2011

Federal Agency Name/ Pass Through Agency Name	Federal Program Name	CFDA Number	Other ID Number	Expenditures: From Pass-Through Awards	Expenditures: From Direct Awards	Expenditures: Total	Foot-note Ref.
U.S. Department of Justice/ pass-through WA State Patrol	High Intensity Drug Trafficking Areas	95.001	C100537FED	$ 4,913	$ -	$ 4,913	
			C1000564FED	1,177	-	1,177	
			Subtotal	$ 6,090	$ -	$ 6,090	
U.S. Department of Agriculture	National School Lunch Program	10.555	N/A	$ -	$ 42,802	$ 42,802	
U.S. Department of Agriculture/pass-through from WA State Dept. of Health	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	C14948	$ 423,887	$ -	$ 423,887	
U.S. Department of Agriculture/ pass-through from WA State Dept of Health	WIC Farmer's Market Nutrition Program (FMNP)	10.572	C14948	$ 360	$ -	$ 360	
U.S. Department of Agriculture	Cooperative Forestry Assistance	10.664	PA-11060900-017	$ -	$ 37,458	$ 37,458	
U.S. Department of Housing & Urban Development/pass-through WA State Dept. of Commerce	Community Development Block Grants/State's Program and Non-Entitlement Grants	14.228	11-64100-003	$ 51,331	$ -	$ 51,331	
			10-64100-003	111,851	-	111,851	
			08-64008-021	1,389	-	1,389	
			Subtotal	$ 164,571	$ -	$ 164,571	
U.S. Dept. of Justice/pass-through from WA State Patrol	Law Enforcement Assistance_ Narcotics and Dangerous Drugs_Laboratory Analysis	16.001	C110848FED	$ 2,593	$ -	$ 2,593	
U.S. Dept. of Justice			PA-WAW-0232	-	12,479	12,479	
			Subtotal	$ 2,593	$ 12,479	$ 15,072	
U.S. Dept. of Justice/pass-through from WA State Dept. of Commerce	Edward Byrne Memorial Formula Grant Program	16.579	M10-34021-001	$ 36,256	$ -	$ 36,256	
U.S. Dept. of Justice	Bulletproof Vest Partnership Program	16.607	FY 2010	$ -	$ 6,332	$ 6,332	
U.S. Dept. of Justice Office of Community Oriented Policing Services (COPS)/pass-through from WA Association of Sheriff's and Police Chiefs	Public Safety Partnership and Community Policing Grants	16.710	WSMI 10104	$ 2,996	$ -	$ 2,996	
U.S. Dept. of Justice/pass-through from WA State Dept. Commerce	Edward Byrne Memorial Justice Assistance Grant Program	16.738	M10-34021-001	$ 36,319	$ -	$ 36,319	
			M11-34021-001	19,756		19,756	
			Subtotal	$ 56,075	$ -	$ 56,075	
U.S. Dept. of Justice/pass-through from WA State Dept. Commerce	Recovery Act- Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	F09-34721-501	$ 22,955	$ -	$ 22,955	4
U.S. Dept. of Transportation/FHWA	Highway Planning and Construction	20.205	93400-12	$ -	$ 842,275	$ 842,275	
			Grisdale Rd	-	16,979	16,979	
U.S. Dept. of Transportation/FHWA/pass-through from WA State Dept. of Transportation			LA-7381	7,281	-	7,281	
U.S. Dept. of Transportation/FHWA/pass-through from WA State Dept. of Transportation			68900-06	837,513	-	837,513	
U.S. Dept. of Transportation/FHWA/pass-through from WA State Dept. of Transportation			58310-13	539,178	-	539,178	
U.S. Dept. of Transportation/FHWA/pass-through from WA State Dept. of Transportation			52070-09	594,060	-	594,060	
U.S. Dept. of Transportation/FHWA/pass-through from WA State Dept. of Transportation			LA-5814	15,659	-	15,659	
U.S. Dept. of Transportation/FHWA/pass-through from WA State Dept. of Transportation			Schmid Rd	4,061	-	4,061	
U.S. Dept. of Transportation/FHWA/pass-through from WA State Dept. of Transportation			Safety Program	13,531	-	13,531	
U.S. Dept. of Transportation/FHWA/pass-through from WA State Dept. of Transportation			LA-6444	27,577	-	27,577	
			Subtotal	$ 2,038,860	$ 859,254	$ 2,898,114	
U.S. Department of Transportation/FHWA	National Motor Carrier Safety	20.218	FM-MHP-0028-11-01-00	$ -	$ 24,663	$ 24,663	

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule.

GRAYS HARBOR COUNTY, WASHINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2011

Federal Agency Name/ Pass Through Agency Name	Federal Program Name	CFDA Number	Other ID Number	Expenditures: From Pass-Through Awards	Expenditures: From Direct Awards	Expenditures: Total	Foot-note Ref.
U.S. Dept. of Transportation/FHWA/pass-through from Nat'l Highway Traffic Safety Administration	State and Community Highway Safety	20.600	M0U 2010-11	$ 15,765	$ -	$ 15,765	
U.S. Dept. of Transportation/FHWA/pass-through from Nat'l Highway Traffic Safety Administration			MOU 2011-12	1,596	-	1,596	
			Subtotal	$ 17,361	$ -	$ 17,361	
U.S. Dept. of Transportation/FHWA/pass-through from Nat'l Highway Traffic Safety Administration	Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	MOU 2010-11	$ 24,500	$ -	$ 24,500	
U.S. Dept. of Transportation/FHWA/pass-through from Nat'l Highway Traffic Safety Administration	Occupant Protection Incentive Grants	20.602	MOU 2010-11	$ 18,338	$ -	$ 18,338	
U.S. Dept. of Transportation/FHWA/pass-through from Nat'l Highway Traffic Safety Administration	Federal Highway Safety Data Improvments Incentive Grants	20.603	MOU 2009-11	$ 28,313	$ -	$ 28,313	
			MOU 2011-13	21,263	-	21,263	
			Subtotal	$ 49,576	$ -	$ 49,576	
Environmental Protection Agency/pass-through WA State Dept. of Health	Capitalization Grants for Drinking Water State Revolving Funds	66.468	C14948	$ 11,043	$ -	$ 11,043	
Environmental Protection Agency/pass-through WA State Dept. of Health	Beach Monitoring and Notification Program Implementation Grants	66.472	C14948	$ 11,150	$ -	$ 11,150	
Elections Assistance Commission/pass-through WA State Secretary of State	Help America Vote Act Requirements payments	90.401	G-2839	$ 2,267	$ -	$ 2,267	
U.S. Department of Health & Human Services/pass-through WA State Department of Health	Public Health Emergency Preparedness	93.069	C14948	$ 161,326	$ -	$ 161,326	
U.S. Department of Health & Human Services/pass-through WA State Department of Health	Maternal and Child Health Federal Consolidated Programs	93.110	C14948	$ 1,500	$ -	$ 1,500	
U.S. Department of Health & Human Services/pass-through WA State Department of Health	Family Planning Services	93.217	C14948	$ 71,871	$ -	$ 71,871	
U.S. Department of Health & Human Services/pass-through WA State Department of Health	Grants to States to Support Oral Health Workforce Activities	93.236	C14948	$ 25,000	$ -	$ 25,000	
U.S. Department of Health & Human Services/pass-through WA State Department of Health	Immunization Grants	93.268	C14948	$ 38,321	$ -	$ 38,321	
U.S. Department of Health & Human Services/pass-through WA State Department of Health	Centers for Disease Control and Prevention_Investagations	93.283	C14948	$ 31,843	$ -	$ 31,843	
U.S. Department of Health & Human Services/pass-through WA State Department of Health	Pregnancy Assistance Fund Program	93.500	C14948	$ 17,893	$ -	$ 17,893	
U.S. Department of Health & Human Services/pass-through WA State Department of Social & Health Services	Child Support Enforcement	93.563	2110-81159	$ 218,824	$ -	$ 218,824	
U.S. Department of Health & Human Services/pass-through WA State Department of Social & Health Services	Child Care and Development Block Grant	93.575	C14948	$ 163	$ -	$ 163	
U.S. Department of Health & Human Services/pass-through WA State Secretary of State	Voting Access for individuals with Disabilities_Grants to States	93.617	G-12/010	$ 19,971		$ 19,971	
U.S. Department of Health & Human Services/pass-through WA State Department of Health	ARRA Immunizations	93.712	C14948	$ 17,245	$ -	$ 17,245	4
U.S. Department of Health & Human Services/pass-through WA State Department of Social & Health Services	Medical Assistance Program	93.778	0963-53328	$ 271,384	$ -	$ 271,384	
U.S. Department of Health & Human Services/pass-through WA State Department of Health	National Bioterrorism Hospital Preparedness Program	93.889	C14948	$ 3,420	$ -	$ 3,420	

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule.

GRAYS HARBOR COUNTY, WASHINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2011

Federal Agency Name/ Pass Through Agency Name	Federal Program Name	CFDA Number	Other ID Number	Expenditures: From Pass-Through Awards	Expenditures: From Direct Awards	Expenditures: Total	Foot-note Ref.
U.S. Department of Health & Human Services/pass-through WA State Department of Social & Health Services	Block Grants for Community Mental Health Services	93.958	0969-73245	$ 900	$ -	$ 900	
			1069-12016	69,791	-	69,791	
			Subtotal	$ 70,691	$ -	$ 70,691	
U.S. Department of Health & Human Services/pass-through WA State Department of Social & Health Services	Block Grants for Prevention & Treatment of Substance Abuse	93.959	0963-68035	$ 131,184	$ -	$ 131,184	
			1163-27303	13,201	-	13,201	
			Subtotal	$ 144,385	$ -	$ 144,385	3
U.S. Department of Health & Human Services/pass-through WA State Department of Health	Preventive Health and Health Services Block Grant	93.991	C14948	$ 53,750	$ -	$ 53,750	
U.S. Department of Health & Human Services/pass-through WA State Department of Health	Maternal & Child Health Services Block Grant to the States	93.994	C14948	$ 132,274	$ -	$ 132,274	
Dept. of Homeland Security/pass-through WA State Parks & Recreation	Boating Safety Financial Assistance	97.012	LE 911-201	$ 21,839	$ -	$ 21,839	
			LE 911-404	16,197	-	16,197	
			Subtotal	$ 38,036	$ -	$ 38,036	
Dept. of Homeland Security/pass-through WA State Military	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	E08-751	$ 2,289	$ -	$ 2,289	
Department of Homeland Security/pass-through WA State Military Department	Hazard Mitigation Grant	97.039	E10-094	$ 77,287	$ -	$ 77,287	
Department of Homeland Security/pass-through WA State Military Department	Emergency Management Performance Grants	97.042	E10-315	$ 27,849	$ -	$ 27,849	
Dept. of Homeland Security/pass-through WA State Military	Homeland Security Grant Program	97.067	FY2009 CC	$ 2,260	$ -	$ 2,260	
			E09-198	7,207	-	7,207	
			E11-279	73,290	-	73,290	
			E11-212	530	-	530	
			Subtotal	$ 83,287	$ -	$ 83,287	
TOTAL FEDERAL AWARDS EXPENDED				**$ 4,397,487**	**$ 982,988**	**$ 5,380,475**	

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule.

GRAYS HARBOR COUNTY, WASHINGTON

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2011

NOTE 1 - BASIS OF ACCOUNTING

This schedule is prepared on the same basis of accounting as the County's financial statements. The County uses the cash basis of accounting.

NOTE 2 – PROGRAM COSTS

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

NOTE 3 – AMOUNTS AWARDED TO SUBRECIPIENTS

The total amount expended for these programs were passed through to subrecipients.

NOTE 4 – AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) of 2009.

Expenditures for this program were funded by ARRA.

ABOUT THE STATE AUDITOR'S OFFICE

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

Our mission is to work with our audit clients and citizens as an advocate for government accountability. As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

The State Auditor's Office employees are located around the state to deliver services effectively and efficiently.

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

The results of our work are widely distributed through a variety of reports, which are available on our Web site and through our free, electronic subscription service.

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

State Auditor	**Brian Sonntag, CGFM**
Chief of Staff	**Ted Rutt**
Deputy Chief of Staff	**Doug Cochran**
Chief Policy Advisor	**Jerry Pugnetti**
Director of Audit	**Chuck Pfeil, CPA**
Director of Performance Audit	**Larisa Benson**
Director of Special Investigations	**Jim Brittain, CPA**
Director for Legal Affairs	**Jan Jutte, CPA, CGFM**
Director of Quality Assurance	**Ivan Dansereau**
Local Government Liaison	**Mike Murphy**
Communications Director	**Mindy Chambers**
Public Records Officer	**Mary Leider**
Main number	**(360) 902-0370**
Toll-free Citizen Hotline	**(866) 902-3900**

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