



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Clallam County

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

Published September 30, 2024

Report No. 1035682



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

September 30, 2024

Board of Commissioners
Clallam County
Port Angeles, Washington

Report on Financial Statements and Federal Single Audit

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

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

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Clallam County January 1, 2023 through December 31, 2023

SECTION I – SUMMARY OF AUDITOR’S RESULTS

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

Financial Statements

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

Internal Control over Financial Reporting:

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

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

Federal Awards

Internal Control over Major Programs:

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

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

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

Identification of Major Federal Programs

The following program was selected as a major program in our audit of compliance in accordance with the Uniform Guidance.

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

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

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

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

See Finding 2023-001.

SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Clallam County January 1, 2023 through December 31, 2023

2023-001 The County did not have adequate internal controls for ensuring compliance with federal suspension and debarment requirements.

Assistance Listing Number and Title: 21.027 – COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

Federal Grantor Name: U.S. Department of Treasury

Federal Award/Contract Number: N/A

Pass-through Entity Name: Washington State Health Care Authority, Washington State Department of Commerce

Pass-through Award/Contract Number: SLFRF0002, SLRFP002

Known Questioned Cost Amount: \$0

Prior Year Audit Finding: N/A

Background

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

In 2023, the County spent \$2,083,387 in program funds to respond to the public health emergency and address the negative economic impacts the emergency caused. This included providing assistance to households, small businesses, nonprofits and impacted industries.

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

Federal requirements prohibit recipients from contracting with or purchasing from parties suspended or debarred from doing business with the federal government. Whenever the County enters into contracts or purchases goods or services that it expects to equal or exceed \$25,000, paid all or in part with federal funds, it must verify that the contractors are not suspended, debarred or otherwise excluded. The County may verify this by obtaining a written certification from the contractor, adding a clause or condition into the contract that states the contractor is not suspended or debarred, or checking for exclusion records in the U.S. General Services Administration's System for Award Management at SAM.gov. The County must verify this before entering into the contract, and it must maintain documentation demonstrating compliance with this federal requirement.

Description of Condition

Our audit found the County did not have adequate controls to independently verify one contractor it paid more than \$25,000 in federal funds was not suspended or debarred from participating in federal programs. The County paid the contractor with its direct award funding.

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

Cause of Condition

County staff responsible for this purchase relied on agreements the contractor entered with other organizations to verify its suspension and debarment status. The staff involved in this purchase were unaware of federal rules requiring the County to perform its own verification of suspension and debarment status when making a purchase more than \$25,000.

Effect of Condition

The County did not obtain a written certification from the contractor, insert a clause into its contract or check for exclusion records at SAM.gov to verify one contractor it paid \$31,239 was not suspended or debarred before contracting. Without adequate internal controls, the County cannot ensure the contractor it paid with federal funds was eligible to participate in federal programs. Any program funds the County used to pay contractors that were suspended or debarred would be unallowable, and the awarding agency could potentially recover them. Because we subsequently verified the vendor was not suspended or debarred, we are not questioning costs.

Recommendation

We recommend the County strengthen internal controls to ensure all contractors it pays \$25,000 or more, all or in part with federal funds, are not suspended or debarred from participating in federal programs before contracting with or purchasing from them.

County's Response

The County in its administration of its Coronavirus State and Local Fiscal Recovery Funds has historically complied with the federal suspension and debarment requirements principally through (1) ensuring each of its direct award and subrecipient contracts contain a clause or condition in the award contracts that states the contractor or subrecipient is not suspended or debarred, (2) requesting a certification to that effect, or (3) checking the SAM system to insure the contractor was not debarred or suspended. In this situation, the County procured IT equipment needed to improve the County's capability to conduct virtual meetings from a vendor under a "piggy-back" agreement under which debarment and suspension verification had been completed by another state agency. This vendor was also well known to the County as it had previously been utilized in procuring equipment with funding under the CARES Act. Staff managing this vendor relationship were unaware that reliance on prior debarment and suspension verification performed by another agency was not appropriate. In addition, due to significant turnover occurring in our SLFRF grant administration team occurring in late 2022 and early 2023, the single invoice triggering this finding--while properly documented with appropriate supporting documentation and approvals from staff managing the vendor relationship--was not reviewed by the SLFRF grant administration team to insure it was properly accompanied by a documented verification of debarment/suspension prior to its payment. As noted by the SAO in its audit finding, the vendor in question was not debarred or suspended from receiving federal monies, and no questioning of costs is involved.

While the County has spent almost all of its SLFRF funds to-date under agreements containing certification language addressing debarment or suspension where required, the County recognizes that in this single situation involving the procurement of goods totaling \$31,239 that its internal controls did not function properly to detect that proper debarment or suspension verification had occurred. We view this very much as an isolated incident, particularly given that over \$9.8 million of the \$15.02 million of SLFRF direct funds awarded to the County have

been expended by the County through the end of 2023 in accordance with federal guidance and requirements regarding these funds under a program whose guidance rules have been subject to constant change since the American Rescue Plan Act was first signed.

Regardless of the isolated nature of this incident, the County's management remains committed to insure this situation does not reoccur going forward, and as a result has or will be implementing the following corrective actions:

- To the very limited extent disbarment/suspension language does not appear in contracts for goods or services being funded through County SLFRF funds, expenditures for all projects involving purchases of goods and services will first have to be approved and reviewed by the County's SLFRF grant administration staff who will verify disbarment/suspension status prior to the entering into contracts or the disbursement of SLFRF funds.*
- In the cases of piggy-back agreements, SLFRF grant administration staff will verify disbarment/suspension requirements have been met prior to payments for goods or services being approved that are funded with SLFRF funds; and*
- Appropriate messaging has been and will continue to be communicated to all SLFRF funded project owners and staff, reiterating requirements that all federal procurement policies must be adhered to for all County purchases of goods and services involving SLFRF funds, including that debarment and suspension verification has been completed and documented, and that such documentation must be forwarded to SLFRF grant administration staff before any disbursements of SLFRF funds will be made.*

We thank the SAO staff for identifying this issue and bringing it to our attention.

Auditor's Remarks

We thank the County for its cooperation and assistance throughout the audit and acknowledge its commitment to resolve this finding. We will review the status of the County's corrective action during our next audit.

Applicable Laws and Regulations

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

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

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

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

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*

Clallam County January 1, 2023 through December 31, 2023

Board of Commissioners
Clallam County
Port Angeles, 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 Clallam 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 September 25, 2024.

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

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

REPORT ON COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

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

compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large initial "P" and "M".

Pat McCarthy, State Auditor

Olympia, WA

September 25, 2024

INDEPENDENT AUDITOR'S REPORT

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

Clallam County January 1, 2023 through December 31, 2023

Board of Commissioners
Clallam County
Port Angeles, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the compliance of Clallam County, with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2023. The County's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed; and

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2023-001. Our opinion on each major federal program is not modified with respect to these matters.

County's Response to Findings

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

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

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

However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2023-001, that we consider to be a material weakness.

County's Response to Findings

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

Purpose of this Report

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



Pat McCarthy, State Auditor

Olympia, WA

September 25, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

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

Board of Commissioners
Clallam County
Port Angeles, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of Clallam 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 Clallam 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 Clallam 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 accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Schedule of Liabilities is also presented for purposes of additional analysis, as required by the prescribed BARS Manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and

certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2024 on our consideration of the County's internal control over financial reporting and on the tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

September 25, 2024

Clallam 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
Schedule of Expenditures of Federal Awards – 2023
Notes to the Schedule of Expenditures of Federal Awards – 2023

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

		Total for All Funds (Memo Only)	001 General Fund	101 Roads	110 Sheriff-- OPSCAN/911/O PNET/Boating
Beginning Cash and Investments					
308	Beginning Cash and Investments	66,395,678	11,731,794	7,775,159	1,286,376
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	46,455,529	24,964,621	8,593,452	736,027
320	Licenses and Permits	1,058,044	946,809	110,060	-
330	Intergovernmental Revenues	23,449,391	8,607,038	4,416,675	782,072
340	Charges for Goods and Services	17,893,380	7,942,401	713,892	423,855
350	Fines and Penalties	732,479	729,292	-	3,183
360	Miscellaneous Revenues	6,715,840	4,317,200	190,709	58,537
Total Revenues:		<u>96,304,663</u>	<u>47,507,361</u>	<u>14,024,788</u>	<u>2,003,674</u>
Expenditures					
510	General Government	24,085,162	17,831,188	251,552	-
520	Public Safety	21,780,757	18,032,413	500,000	1,593,387
530	Utilities	1,008,334	213	-	-
540	Transportation	14,978,039	-	12,287,895	-
550	Natural/Economic Environment	7,361,352	2,756,637	84,359	-
560	Social Services	11,454,384	3,208,212	-	-
570	Culture and Recreation	3,631,617	3,611,717	-	-
Total Expenditures:		<u>84,299,645</u>	<u>45,440,380</u>	<u>13,123,806</u>	<u>1,593,387</u>
Excess (Deficiency) Revenues over Expenditures:		<u>12,005,018</u>	<u>2,066,981</u>	<u>900,982</u>	<u>410,287</u>
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	171,849	-	-	-
397	Transfers-In	9,408,119	4,216,841	700,000	170,000
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	50,255	-	21,925	-
Total Other Increases in Fund Resources:		<u>9,630,223</u>	<u>4,216,841</u>	<u>721,925</u>	<u>170,000</u>
Other Decreases in Fund Resources					
594-595	Capital Expenditures	7,247,029	801,207	1,400,781	238,717
591-593, 599	Debt Service	1,049,084	430,395	23,303	18,530
597	Transfers-Out	9,408,119	3,221,922	2,041	125,000
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	109,978	-	103,559	-
Total Other Decreases in Fund Resources:		<u>17,814,210</u>	<u>4,453,524</u>	<u>1,529,684</u>	<u>382,247</u>
Increase (Decrease) in Cash and Investments:		<u>3,821,031</u>	<u>1,830,298</u>	<u>93,223</u>	<u>198,040</u>
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	37,110,329	2,701,202	419,011	1,379,125
50841	Committed	14,861	-	-	-
50851	Assigned	22,230,629	-	7,449,371	105,291
50891	Unassigned	10,860,890	10,860,890	-	-
Total Ending Cash and Investments		<u>70,216,709</u>	<u>13,562,092</u>	<u>7,868,382</u>	<u>1,484,416</u>

The accompanying notes are an integral part of this statement.

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

		<u>113 Health & Human Services</u>	<u>114 Law Library</u>	<u>117 Crime Victim</u>	<u>119 Racketeering</u>
Beginning Cash and Investments					
308	Beginning Cash and Investments	6,763,837	21,401	28,642	1,885
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	2,301,396	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	4,899,261	-	90,941	-
340	Charges for Goods and Services	566,601	27,399	43,788	-
350	Fines and Penalties	-	-	4	-
360	Miscellaneous Revenues	321,724	-	-	92
Total Revenues:		<u>8,088,982</u>	<u>27,399</u>	<u>134,733</u>	<u>92</u>
Expenditures					
510	General Government	-	-	202,141	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	7,736,835	-	-	-
570	Culture and Recreation	-	19,900	-	-
Total Expenditures:		<u>7,736,835</u>	<u>19,900</u>	<u>202,141</u>	<u>-</u>
Excess (Deficiency) Revenues over Expenditures:		<u>352,147</u>	<u>7,499</u>	<u>(67,408)</u>	<u>92</u>
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	131,211	15,037	82,000	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	11,000	-	-	-
Total Other Increases in Fund Resources:		<u>142,211</u>	<u>15,037</u>	<u>82,000</u>	<u>-</u>
Other Decreases in Fund Resources					
594-595	Capital Expenditures	350,143	-	-	-
591-593, 599	Debt Service	4,000	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		<u>354,143</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Cash and Investments:		<u>140,215</u>	<u>22,536</u>	<u>14,592</u>	<u>92</u>
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	4,973,806	43,937	-	-
50841	Committed	-	-	-	-
50851	Assigned	1,930,246	-	43,234	1,977
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		<u>6,904,052</u>	<u>43,937</u>	<u>43,234</u>	<u>1,977</u>

The accompanying notes are an integral part of this statement.

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

		<u>122 Treasurer's O&M</u>	<u>124 Document Preservation</u>	<u>129 Dispute Resolution Center</u>	<u>130 Noxious Weed Control</u>
Beginning Cash and Investments					
308	Beginning Cash and Investments	228,409	618,023	1,178	272,684
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	23,084	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	10,903	39,084	-	65,532
340	Charges for Goods and Services	63,483	33,368	16,595	73,129
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	6,934	-	-	107,638
Total Revenues:		<u>104,404</u>	<u>72,452</u>	<u>16,595</u>	<u>246,299</u>
Expenditures					
510	General Government	92,807	89,322	16,265	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	260,140
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		<u>92,807</u>	<u>89,322</u>	<u>16,265</u>	<u>260,140</u>
Excess (Deficiency) Revenues over Expenditures:		<u>11,597</u>	<u>(16,870)</u>	<u>330</u>	<u>(13,841)</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	-	-	-	-
Total Other Increases in Fund Resources:		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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:		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Cash and Investments:		<u>11,597</u>	<u>(16,870)</u>	<u>330</u>	<u>(13,841)</u>
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	240,006	601,153	-	-
50841	Committed	-	-	-	-
50851	Assigned	-	-	1,508	258,843
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		<u>240,006</u>	<u>601,153</u>	<u>1,508</u>	<u>258,843</u>

The accompanying notes are an integral part of this statement.

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

		190 Conservation Futures	191 Emergency Communication Tax	192 Hotel/Motel Tax	193 Trial Court Improvements
Beginning Cash and Investments					
308	Beginning Cash and Investments	897,086	2,738,010	1,745,685	51,580
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	293,370	1,991,513	1,736,837	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	24,540	-	-	35,964
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	50,710	151,056	-	-
Total Revenues:		<u>368,620</u>	<u>2,142,569</u>	<u>1,736,837</u>	<u>35,964</u>
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	1,644,578	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	569	-	1,103,421	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		<u>569</u>	<u>1,644,578</u>	<u>1,103,421</u>	<u>-</u>
Excess (Deficiency) Revenues over Expenditures:		<u>368,051</u>	<u>497,991</u>	<u>633,416</u>	<u>35,964</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	-	-	-	-
Total Other Increases in Fund Resources:		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Decreases in Fund Resources					
594-595	Capital Expenditures	122,649	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	40,000
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		<u>122,649</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
Increase (Decrease) in Cash and Investments:		<u>245,402</u>	<u>497,991</u>	<u>633,416</u>	<u>(4,036)</u>
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	975,095	3,236,001	2,379,101	-
50841	Committed	-	-	-	-
50851	Assigned	167,393	-	-	47,544
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		<u>1,142,488</u>	<u>3,236,001</u>	<u>2,379,101</u>	<u>47,544</u>

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

		<u>194 Veterans' Relief</u>	<u>195 Federal Forest Replacement</u>	<u>196 American Rescue Plan Act</u>	<u>197 Affordable Housing Sales Tax</u>
Beginning Cash and Investments					
308	Beginning Cash and Investments	1,170	82,437	7,733,972	958,874
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	139,448	-	-	1,542,909
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	114,196	36,958	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	3,612	-	337,711	81,934
Total Revenues:		<u>257,256</u>	<u>36,958</u>	<u>337,711</u>	<u>1,624,843</u>
Expenditures					
510	General Government	-	-	1,927,831	-
520	Public Safety	-	-	10,379	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	339,161	-	27,941	142,235
570	Culture and Recreation	-	-	-	-
Total Expenditures:		<u>339,161</u>	<u>-</u>	<u>1,966,151</u>	<u>142,235</u>
Excess (Deficiency) Revenues over Expenditures:		<u>(81,905)</u>	<u>36,958</u>	<u>(1,628,440)</u>	<u>1,482,608</u>
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	111,000	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		<u>111,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	59,234	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	375,000	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		<u>-</u>	<u>-</u>	<u>434,234</u>	<u>-</u>
Increase (Decrease) in Cash and Investments:		<u>29,095</u>	<u>36,958</u>	<u>(2,062,674)</u>	<u>1,482,608</u>
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	30,265	119,395	5,209,721	2,441,482
50841	Committed	-	-	-	-
50851	Assigned	-	-	461,577	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		<u>30,265</u>	<u>119,395</u>	<u>5,671,298</u>	<u>2,441,482</u>

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

		<u>199 Opportunity Fund</u>	<u>274 RID #149</u>	<u>295 LID 2007-1</u>	<u>301 REET</u>
Beginning Cash and Investments					
308	Beginning Cash and Investments	6,519,749	32,116	13,497	2,363,573
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	1,807,473	-	-	1,162,700
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	25,000
340	Charges for Goods and Services	3,658	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	353,304	1,985	4,364	75
Total Revenues:		<u>2,164,435</u>	<u>1,985</u>	<u>4,364</u>	<u>1,187,775</u>
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	185,654	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		<u>185,654</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) Revenues over Expenditures:		<u>1,978,781</u>	<u>1,985</u>	<u>4,364</u>	<u>1,187,775</u>
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	3,000	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		<u>3,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	984,275
591-593, 599	Debt Service	415,435	836	-	-
597	Transfers-Out	240,000	-	3,000	16,370
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		<u>655,435</u>	<u>836</u>	<u>3,000</u>	<u>1,000,645</u>
Increase (Decrease) in Cash and Investments:		<u>1,326,346</u>	<u>1,149</u>	<u>1,364</u>	<u>187,130</u>
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	7,846,095	-	-	2,550,703
50841	Committed	-	-	14,861	-
50851	Assigned	-	33,265	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		<u>7,846,095</u>	<u>33,265</u>	<u>14,861</u>	<u>2,550,703</u>

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

		302 REET 2	303 Lower Dungeness Floodplain	304 Dungeness Reservoir	305 Capital Projects
Beginning Cash and Investments					
308	Beginning Cash and Investments	2,171,732	3,255,321	693,919	1,061,383
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	1,162,699	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	2,801,846	972,114	-
340	Charges for Goods and Services	-	-	145,420	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	56,309	-	20,000
Total Revenues:		1,162,699	2,858,155	1,117,534	20,000
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	1,763,116	1,207,456	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	1,763,116	1,207,456	-
Excess (Deficiency) Revenues over Expenditures:		1,162,699	1,095,039	(89,922)	20,000
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	800,000	1,195,451
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	17,330	-	-	-
Total Other Increases in Fund Resources:		17,330	-	800,000	1,195,451
Other Decreases in Fund Resources					
594-595	Capital Expenditures	417,893	48,036	-	626,622
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	1,335,186	4,000,000	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		1,753,079	4,048,036	-	626,622
Increase (Decrease) in Cash and Investments:		(573,050)	(2,952,997)	710,078	588,829
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	1,598,682	-	-	-
50841	Committed	-	-	-	-
50851	Assigned	-	302,324	1,403,997	1,650,212
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		1,598,682	302,324	1,403,997	1,650,212

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

		<u>307 Capital Projects IT</u>	<u>308 Broadband Expansion</u>	<u>309 Carlsborg Water Mitigation</u>	<u>402 Solid Waste</u>
Beginning Cash and Investments					
308	Beginning Cash and Investments	93,153	-	24,536	23,156
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	21,163
340	Charges for Goods and Services	-	-	-	28,923
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	-	-	1,159
Total Revenues:		-	-	-	51,245
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	43,814	-	52,839
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	43,814	-	52,839
Excess (Deficiency) Revenues over Expenditures:		-	(43,814)	-	(1,594)
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	728,946	375,000	16,370	6,500
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		728,946	375,000	16,370	6,500
Other Decreases in Fund Resources					
594-595	Capital Expenditures	771,780	-	19,180	-
591-593, 599	Debt Service	37,145	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		808,925	-	19,180	-
Increase (Decrease) in Cash and Investments:		(79,979)	331,186	(2,810)	4,906
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	331,186	-	-
50841	Committed	-	-	-	-
50851	Assigned	13,174	-	21,726	28,062
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		13,174	331,186	21,726	28,062

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

		<u>414 Clallam Bay Sewer</u>	<u>424 Carlsborg Sewer</u>	<u>434 Bullman Beach Water System</u>	<u>503 ER & R</u>
Beginning Cash and Investments					
308	Beginning Cash and Investments	272,337	388,841	86,683	2,064,343
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	525	650	-	-
330	Intergovernmental Revenues	506,104	-	-	-
340	Charges for Goods and Services	295,485	147,022	-	3,687,366
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	13,939	28,779	50,412	554,687
Total Revenues:		<u>816,053</u>	<u>176,451</u>	<u>50,412</u>	<u>4,242,053</u>
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	608,710	229,311	73,447	-
540	Transportation	-	-	-	2,690,144
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		<u>608,710</u>	<u>229,311</u>	<u>73,447</u>	<u>2,690,144</u>
Excess (Deficiency) Revenues over Expenditures:		<u>207,343</u>	<u>(52,860)</u>	<u>(23,035)</u>	<u>1,551,909</u>
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	171,849	-	-	-
397	Transfers-In	597,763	240,000	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		<u>769,612</u>	<u>240,000</u>	<u>-</u>	<u>-</u>
Other Decreases in Fund Resources					
594-595	Capital Expenditures	683,298	112,126	-	588,476
591-593, 599	Debt Service	100,000	-	-	-
597	Transfers-Out	400	-	-	200
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	6,419	-	-
Total Other Decreases in Fund Resources:		<u>783,698</u>	<u>118,545</u>	<u>-</u>	<u>588,676</u>
Increase (Decrease) in Cash and Investments:		<u>193,257</u>	<u>68,595</u>	<u>(23,035)</u>	<u>963,233</u>
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	34,363	-	-	-
50841	Committed	-	-	-	-
50851	Assigned	431,231	457,436	63,648	3,027,576
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		<u>465,594</u>	<u>457,436</u>	<u>63,648</u>	<u>3,027,576</u>

The accompanying notes are an integral part of this statement.

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

		504 Risk Management	505 Worker's Compensation	506 Employee Health Care Benefit	507 Unemployment Compensation
Beginning Cash and Investments					
308	Beginning Cash and Investments	2,295,112	1,870,060	30,000	197,965
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	2,984,691	659,902	-	36,402
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	2,970	-	-	-
Total Revenues:		2,987,661	659,902	-	36,402
Expenditures					
510	General Government	2,990,623	653,799	-	29,634
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		2,990,623	653,799	-	29,634
Excess (Deficiency) Revenues over Expenditures:		(2,962)	6,103	-	6,768
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	19,000	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	19,000	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	22,612	-	-	-
591-593, 599	Debt Service	19,440	-	-	-
597	Transfers-Out	-	-	49,000	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		42,052	-	49,000	-
Increase (Decrease) in Cash and Investments:		(45,014)	6,103	(30,000)	6,768
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	-
50841	Committed	-	-	-	-
50851	Assigned	2,250,098	1,876,163	-	204,733
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		2,250,098	1,876,163	-	204,733

The accompanying notes are an integral part of this statement.

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

		Total for All Funds (Memo Only)	Investment Trust	Private-Purpose Trust	Custodial
308	Beginning Cash and Investments	100,367,039	89,130,087	101,027	11,135,925
388 & 588	Net Adjustments	-	-	-	-
310-390	Additions	434,513,111	57,194,328	24,009	377,294,774
510-590	Deductions	427,782,617	47,363,969	25,652	380,392,996
	Net Increase (Decrease) in Cash and Investments:	6,730,494	9,830,359	(1,643)	(3,098,222)
508	Ending Cash and Investments	107,097,533	98,960,446	99,384	8,037,703

The accompanying notes are an integral part of this statement.

Clallam County
Notes to Financial Statements
For the Year Ended December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Clallam County was incorporated on April 26, 1854 and operates under State of Washington laws applicable to a Home Rule Charter County. The County is a general purpose government and provides Sheriff, Jail, Fire Marshal, Sewage Collection/Treatment, Road Maintenance, Planning and Zoning, Parks, Fair, Judicial Administration, Health and Social Services, Juvenile, and General Administrative Services.

Clallam 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 under GAAP.

A. **Basis of Presentation - Fund Accounting**

Financial transactions of the County 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 County'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 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.

Clallam County
Notes to Financial Statements
For the Year Ended December 31, 2023

Special Revenue Funds

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

Debt Service Funds

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

Capital Project Funds

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

Proprietary Fund Types

Enterprise Funds

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

Internal Service Funds

These funds account for operations that provide goods 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 a custodian on behalf of others.

Investment Trust Funds

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

Private-Purpose Trust Funds

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

Clallam County
Notes to Financial Statements
For the Year Ended December 31, 2023

Custodial Funds

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

B. Basis of Accounting

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.

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

C. Cash and Investments - See Note 3.

D. Capital Assets

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

E. Compensated Absences

Vacation leave may be accumulated up to 480 hours (or the hours of vacation to be accrued in 24 months at current accrual rate in the case of Teamsters Union members) of which up to 400 hours is payable upon separation or retirement. Sick leave may accumulate without limit and is payable generally up to 20% for full-time employees and 10% for part-time employees on retirement or other separation. Payouts are calculated at wage rates at the date of termination. Payments are recognized as expenditures when paid.

F. Long-Term Debt - See Notes 7, 8, 9, 12 and 15.

G. Other Resources and Other Uses

Other Resources consist mainly of sales of County-owned timber, proceeds from sale of equipment, and retainage deposits received. Other Uses consist mainly of retainage deposits disbursed and payment of *Blake* decision-related legal financial obligations (see Note 14).

H. Risk Management - See Note 10.

Clallam County
Notes to Financial Statements
For the Year Ended December 31, 2023

I. Restricted and Committed Portion of Ending Cash and Investments

Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties, by RCW, or due to internal commitments established by Board of Commissioners-adopted resolution or ordinance. When expenditures that meet restrictions are incurred, the County intends to use the most restricted resources first. At December 31, 2023, restrictions and commitments of Ending Cash and Investments consisted of:

FUND #	FUND NAME	RESTRICTED ENDING CASH & INVESTMENTS	COMMITTED ENDING CASH & INVESTMENTS	CLASSIFICATION DETAILS
001	General Fund	\$ 2,701,202	-	Restricted relate to \$2,510,766 of unspent Section 605 of the American Rescue Plan Act's Local and Tribal Consistency Funds, \$76,937 of \$1 auditor surcharge for historic preservation funds pursuant to RCW 36.22.170, \$16,431 of Auditor unspent HAVA election security grants, \$10,000 retainage funds held related to General Fund-funded projects, and \$87,068 of surety/performance bond funds held pursuant to franchise agreements.
101	Roads	419,011	-	Restricted consists of proceeds received from the sale of surplus land and vendor refund received in 2019 related to the Deer Park overpass federally funded project totaling \$224,011 that has to be applied to another eligible Federal roads project for which full funding has not been committed, and \$195,000 of donated funds restricted for use on the Calawah Bridge project.
110	Sheriff--OPSCAN/911/OPNET/Boating	1,379,125	-	Restricted consists of various Sheriff-managed funds that must be spent in accordance with terms of interlocal agreements (including OPNET Drug (\$53,854), OPSCAN Operations (\$906,422), RCW's governing Boating Safety (RCW 88.02.640 (8)--\$71,486), 911 Enhanced (RCW 82.148.030--\$197,633) and 24/7 Sobriety Program (RCW 36.28A.300-390--\$64,668), donated funds restricted to use in support of Sheriff Honor Guard functions (\$4,388), and required distributions with other law enforcement agencies pursuant to the terms of Homeland Security grant funds (\$80,674).
113	Health & Human Services	4,973,806	-	Restricted consists of recording surcharges and sales & use tax that must be spent in accordance with RCW, including Homeless Task Force (RCW 36.22.179--\$507,180), Chemical Dependency/Mental Health (RCW 82.14.460--\$3,306,056, and Affordable Housing (RCW 36.22.178--\$259,877). Also includes unspent Foundational Public Health Services grant funds (\$724,401), and \$176,292 related to the Working Advance from the Washington Department of Social & Health Services.
114	Law Library	43,937	-	Restricted consists of law library funds that must be spent in accordance with RCW 27.24.070.
122	Treasurer's O&M	240,006	-	Restricted consists of Treasurer O&M (\$144,898), REET Electronic Technology (\$83,737) and Land Assessment (\$11,371) funds that must be spent in accordance with RCW 84.56.020, 82.45.180 and 36.33.120-190, respectively.
124	Document Preservation	601,153	-	Restricted consists of Auditor required surcharge funds that must be spent on eligible historic document preservation costs in accordance with RCW 36.22.170.

Clallam County
Notes to Financial Statements
For the Year Ended December 31, 2023

FUND #	FUND NAME	RESTRICTED ENDING CASH & INVESTMENTS	COMMITTED ENDING CASH & INVESTMENTS	CLASSIFICATION DETAILS
190	Conservation Futures	975,095	-	Restricted consists of conservation futures property tax funds that must be spent on preserving lands of public interest in accordance with RCW 84.34.230.
191	Emergency Communications Tax	3,236,001	-	Restricted consists of funds governed by RCW 82.14.420 which must be used to finance, design, acquire, construct, equip, operate, and maintain emergency communication systems and facilities.
192	Hotel/Motel Tax	2,379,101	-	Restricted consists of hotel/motel lodging tax which must be used only for tourism activities or tourism-related facilities in accordance with RCW 67.28.180 and 67.28.181.
194	Veterans' Relief	30,265	-	Restricted consists of property tax levy and related interest funds that must be spent on eligible veteran's relief support efforts in accordance with RCW 73.08.08.
195	Federal Forest Replacement	119,395	-	Restricted consists of funds governed by Title III of the Secure Rural Schools Act, which requires funds be used for on county projects including search, rescue and emergency services, community service work camps, easements purchases, forest related educational opportunities, fire prevention and county planning, and community forestry purposes.
196	American Rescue Plan Act	5,209,721	-	Restricted consists of unspent grant funds received under Section 603 of the American Rescue Plan Act for State and Local Fiscal Recovery Funds granted to the County by the US Treasury, which must be used (1) to respond to the COVID-19 public health emergency or its negative impacts; (2) for provision of premium pay for eligible workers performing essential work during the COVID-19 public health emergency; (3) for the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency; (4) to make necessary investments in water, sewer, or broadband infrastructure; (5) to provide emergency relief from natural disasters or the negative economic impacts of natural disasters; (6) for certain CAA surface transportation projects; or (7) for projects eligible under Title I of the Housing and Community Development Act of 1974.
197	Affordable Housing	2,441,482	-	Restricted consists of HB 1406 Affordable Housing Sales Tax Credit governed by RCW 82.14.540, SB 1590 Housing & Related Services Sales Tax governed by RCW 82.14.530, and CTED CDBG Housing Rehabilitation Revolving Loan program funds that can only be used in support of affordable housing initiatives.
199	Opportunity Fund	7,846,095	-	Restricted consists of Rural Counties Public Facilities Sales Tax that under RCW 82.14.370 must be used to finance public facilities serving economic development purposes, finance personnel in economic development offices, or provide affordable workforce housing infrastructure or facilities.
295	LID 2007-1		14,861	Committed under Resolution 88-2007 and 98-2009 creating a LID for purpose of providing sewer facilities.
301	REET	2,550,703	-	Restricted consists of real estate excise taxes that must be used on eligible capital projects and maintenance of capital projects in accordance with RCW 82.45 and 82.46 and retainage funds held related to certain REET-funded projects of \$7,843.
302	REET 2	1,598,682	-	Restricted consists of real estate excise taxes that must be used on eligible capital projects and maintenance of capital projects in accordance with RCW 82.45 and 82.46.
308	Broadband Expansion	331,186		Restricted consists of funds received under Section 603 of the American Rescue Plan Act for State and Local Fiscal Recovery Funds granted to the County by the US Treasury advanced to the Broadband Expansion fund from the American Rescue Plan Act fund to provide local match funding and to support working capital needs of a grant-funded project to expand broadband access to the Joyce community of Clallam County.
414	Clallam Bay Sewer	34,363	-	Restricted consists of retainage funds held related to certain capital projects of \$34,363.
TOTAL-- STATEMENT C-4		\$ 37,110,329	\$ 14,861	

Clallam County
Notes to Financial Statements
For the Year Ended December 31, 2023

NOTE 2 – BUDGET COMPLIANCE

1. Budgets

Annual appropriated budgets are adopted for governmental funds on a cash basis of accounting with no significant differences between the budgetary basis and the financial reporting basis. Budgets are adopted at the fund level, or the department level in the general fund, which constitute the legal authority for expenditures at that level. Appropriations lapse at year end.

The 2024 general fund budget as originally approved in December 2023 included a deficit of \$2,674,605.

2. Amending the Budget

The County Administrator is authorized to transfer budget amounts between departments within any fund/department. However, any revisions that alter the total expenditures of the County, amount of capital purchases, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the County Commissioners. Revisions within funds are allowed, but supplemental or additional appropriations must be approved by the legislative authority following public hearings. The County’s budget was amended 182 times during 2023.

3. The appropriated and actual expenditures for the legally adopted 2023 budgets were:

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
GENERAL FUND			
Assessor	2,249,365	2,140,715	108,650
Auditor	1,823,364	1,645,352	178,012
Treasurer	846,598	771,922	74,676
BOCC - Operations	948,861	855,940	92,921
Boundary Review Board	1,780	150	1,630
Port Crescent Cemetery	3,000	213	2,787
Board of Equalization	79,375	61,726	17,649
Non Departmental	3,403,609	3,146,040	257,569
Operating Transfers Out	2,501,140	848,404	1,652,736
DCD - Administration	834,306	671,439	162,867
DCD - Environmental Quality	1,161,006	558,925	602,081
DCD - Permit Center	921,705	816,858	104,847
DCD - Planning	562,026	417,146	144,880

Clallam County
Notes to Financial Statements
For the Year Ended December 31, 2023

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
Hearing Examiner	42,500	4,500	38,000
Information Technology	2,349,545	2,287,980	61,565
Geographic Information System (GIS)	375,882	373,243	2,639
Human Resources	833,110	790,136	42,974
Environmental Health	2,056,733	1,754,651	302,082
HHS - Administration	790,281	778,559	11,722
Sheriff - Operations	8,683,620	8,422,136	261,484
Animal Control	280,041	267,417	12,624
Search and Rescue	30,490	21,160	9,330
Jail	4,864,359	4,748,616	115,743
Jail Medical	1,198,959	1,191,210	7,749
Emergency Services	574,440	390,207	184,233
Indigent Defense	1,995,192	1,995,101	91
Prosecuting Attorney	3,359,545	2,740,835	618,710
Child Support	325,699	299,220	26,479
Coroner	422,571	412,788	9,783
Juvenile Services	4,001,552	3,452,574	548,978
Superior Court	1,845,517	1,572,873	272,644
District Court I	1,400,598	1,060,197	340,401
District Court II	422,419	413,791	8,628
Clerk	1,123,634	980,575	143,059
Parks and Facilities	2,963,747	2,752,396	211,351
Fair	731,589	671,778	59,811
WSU Extension	435,108	385,549	49,559
Flood Control	213,891	191,582	22,309
TOTAL GENERAL FUND	\$ 56,657,157	\$ 49,893,904	\$ 6,763,253

OTHER FUNDS

Roads	20,933,125	14,653,490	6,279,635
Honor Guard Donation	3,912	-	3,912
Boating Safety Recreational and Boating Fund	304,968	295,800	9,168
VRFB Boating Program	142,583	98,499	44,084
Sheriff - OPNET Drug	218,291	191,677	26,614
Nine-One-One Enhanced	937,318	866,383	70,935
OPSCAN Operations	438,235	193,459	244,776
Sheriff - Operation Stonegarden Stonegarden Grant	419,598	301,307	118,291
24/7 Sobriety Program	14,158	421	13,737
Sheriff - Inmate Commissary and Welfare	64,320	28,088	36,232
Health and Human Services - Operations	2,839,338	2,399,727	439,611
Homeless Task Force	855,257	719,184	136,073
Chemical Dependency Mental Health	1,970,675	1,779,711	190,964
Affordable Housing	120,000	112,086	7,914
Developmental Disabilities	2,423,007	2,294,363	128,644
Foundational Public Health Service	878,742	785,907	92,835

Clallam County
Notes to Financial Statements
For the Year Ended December 31, 2023

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
Law Library	29,596	19,900	9,696
Local Crime Victim Comp/Local	207,415	202,141	5,274
Treasurer - Operation and Maintenance	144,311	62,858	81,453
REET Electronic Technology	9,051	9,041	10
Land Assessment	21,077	20,908	169
Document Preservation	424,947	89,322	335,625
Dispute Resolution	15,135	9,925	5,210
Courthouse Facilitator	8,520	6,340	2,180
Noxious Weed Control	278,711	233,417	45,294
LMD#2 Lake Sutherland	28,865	26,723	2,142
Conservation Futures	800,000	123,218	676,782
Trial Court Improvements	40,000	40,000	-
Veterans Relief	368,661	339,161	29,500
Federal Forest Replacement	39,000	-	39,000
Hotel/Motel Tax	1,640,000	1,103,421	536,579
Opportunity Fund	3,205,964	841,089	2,364,875
Affordable Housing Sales Tax	1,436,160	142,235	1,293,925
American Rescue Plan Act	7,156,365	2,400,385	4,755,980
Emergency Communication Tax	2,033,880	1,644,578	389,302
RID #149 Osborn Road	2,500	836	1,664
LID 3rd Street Sewer Line	3,000	3,000	-
Real Estate Excise Tax Project	3,098,329	1,000,645	2,097,684
Real Estate Excise Tax 2	2,318,728	1,753,079	565,649
Lower Dungeness Floodplain	7,616,706	5,811,152	1,805,554
Dungeness Reservoir	6,858,679	1,207,456	5,651,223
Capital Projects	4,067,500	626,622	3,440,878
Capital Projects Info Tech	845,043	808,925	36,118
Broadband Infrastructure Capital Projects	6,317,274	43,814	6,273,460
Carlsborg Water Mitigation	75,000	19,180	55,820
Solid Waste	63,789	52,839	10,950
Clallam Bay-Seki Sewer	3,715,945	1,392,408	2,323,537
Carlsborg Sewer	549,688	347,856	201,832
Bullman Beach Water System	76,196	73,447	2,749
Equipment Rental and Revolving	4,728,991	3,278,820	1,450,171
Risk Management	3,280,144	3,032,675	247,469
Workers Compensation Claims	915,395	653,799	261,596
Employee Health Care Benefit	78,450	49,000	29,450
Unemployment Compensation	64,003	29,634	34,369
TOTAL OTHER FUNDS	\$ 95,126,545	\$ 52,219,951	\$ 42,906,594
TOTAL ALL FUNDS	\$ 151,783,702	\$ 102,113,855	\$ 49,669,847

Clallam County
Notes to Financial Statements
For the Year Ended December 31, 2023

NOTE 3 - DEPOSITS AND INVESTMENTS

All deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission. All investments are insured, registered or held by the County or its agent in the County’s name. All deposits and investments are stated at amortized cost.

As of December 31, 2023 the County had the following deposits and investments:

	County Owned Deposits & Investments	Deposits & Investments Held by County as Custodian	Total
Bank Deposits	\$ 967,517	\$ 1,481,104	\$ 2,448,621
Certificates of Deposit	28,636,536	4,457,217	33,093,753
US Government Securities	5,852,960	916,059	6,769,019
State Local Government Investment Pool	<u>34,759,696</u>	<u>100,243,153</u>	<u>135,002,849</u>
 Total	 <u>\$ 70,216,709</u>	 <u>\$ 107,097,533</u>	 <u>\$ 177,314,242</u>

State Local Government Investment Pool--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 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 mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

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

Clallam County
Notes to Financial Statements
For the Year Ended December 31, 2023

NOTE 4 – INVESTMENT TRUST FUND

The Investment Trust Fund sponsored by the County was established on June 16, 1986. Revised Code of Washington (“RCW”) 36.29.022, 36.29.010, and 36.29.020 authorize the County Treasurer to invest its surplus cash and any funds of special purpose districts which are not required for immediate expenditure and are in the custody or control of the County’s Treasurer. The Investment Trust Fund’s investments are invested pursuant to RCW and the County’s investment policy. Any credits or payments to fund 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 and performance 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 trust.

The Investment Trust Fund is not registered with the SEC and is not subject to any formal oversight other than that provided by the County Treasurer and County Finance Committee. The County Finance Committee is responsible for adopting investment objectives and policies and for monitoring policy implementation and investment performance. The Committee’s primary role is to oversee and confirm the composition and allocation of the Investment Trust Fund’s portfolio conforms to the investment types, diversification, maturity, rate of return standards, and financial institution criteria authorized under the County’s investment policy.

Cash held in trust by the County on behalf of special purpose districts for which the County serves as treasurer in a fiduciary manner are reported within each special purpose district’s respective custodial fund until the County Treasurer invests such funds on their behalf, which for all non-school district custodial funds is normally at the beginning of the month following receipt, at which point such invested funds are reported within the Investment Trust Fund.

The interest or other earnings of income from the funds of any special purpose districts 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, are credited to the respective fund of the special purpose district. These investments made by the County Treasurer on behalf of the participants reflects involuntary participation in the County Treasurer’s Investment Trust Fund as such funds are required to be invested by statute.

The County Treasurer’s Investment Trust Fund consists of voluntary participants including the North Olympic Library System, all six of the County’s fire districts, two parks and recreation districts, four irrigation districts (Agnew, Cline, Dungeness and Highland), two water districts (Black Diamond and Sunland), Forks Community Hospital, and the County’s five public school districts.

Clallam County
Notes to Financial Statements
For the Year Ended December 31, 2023

NOTE 5 - PROPERTY TAXES

The County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Collections during the month are distributed to each applicable fund at the end of the month except for the cities and state which are distributed on the 10th and 20th respectively.

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

The County's regular tax levy rate for 2023 was \$0.8126471163 per \$1,000 on a total assessed valuation of \$14,967,504,004 for a regular levy total of \$12,163,298.97. The County's total 2023 levy rate of \$0.8126471163 was comprised of four funds: General at \$.7813166963; Veterans' Relief at \$.0092452997; Land Assessment at \$.0015400000; and Developmental Disabilities at \$.0205451203. The County's Roads fund tax levy rate for 2023 was \$0.8212258634 per \$1,000 on a total assessed valuation of \$9,943,970,294 for a regular levy total of \$8,166,245.59. The County's Conservation Futures fund tax levy rate for 2023 was \$0.0188836168 per \$1,000 on a total assessed valuation of \$14,967,504,004 for a regular levy total of \$282,640.61.

Washington State Constitution and Washington State law, RCW 84.55.010, limit these rates.

NOTE 6 - INTERFUND TRANSACTIONS AND BALANCES

Interfund transactions are classified as follows:

- A. Transactions that would be treated as revenues, expenditures or expenses if they involved external organizations, such as buying goods and services or payments in lieu of taxes, are similarly treated when they involve other funds of the County.
- B. Transfers to support the operations of other funds are recorded as "Transfers" and classified with "Other Financial Sources or Uses."
- C. At December 31, 2022 there was a loan payable balance outstanding payable by the Road Improvement funds as a group to the Roads fund in the total of \$392. There were no new loans on this balance in 2023, and after payments and adjustments of \$392 the balance at December 31, 2023 was \$0.

NOTE 7 - LONG-TERM DEBT

The accompanying Schedule of Liabilities (09) provides a summary of the outstanding debt and liabilities of the County and summarizes the County's debt transactions for the year ended December 31, 2023. Further details of the County's debt, liabilities and debt service requirements are as follows:

Clallam County
Notes to Financial Statements
For the Year Ended December 31, 2023

A. Long-Term Debt

Washington State CERB Loan – In 2004, Clallam County borrowed \$750,000 from the Washington State Community Economic Revitalization Board as a general obligation debt and re-loaned that amount to the Clallam Business Incubator, Inc. to aid in the construction of the Incubator facilities. The County is obligated to repay the loan in installments beginning in 2008 and continuing through 2025. Interest on the loan is stated at 1%. At December 31, 2023 the principal outstanding on this loan payable was \$94,961 due in annual payments of \$48,194 through 2025.

In 2012, the Clallam Business Incubator closed, its assets and liabilities were assumed by the Port Angeles School District, and Clallam County forgave the balance of the loan that had been made to the Incubator and assumed by the school.

Washington State PWB Loan – In 2013, Clallam County Public Utility District (PUD) signed a loan agreement with the Washington State Public Works Board for a maximum of \$10,000,000 to partially fund the construction of a wastewater facility in the Carlsborg Urban Growth Area in Clallam County. Subsequently in 2013, Clallam County assumed this loan from the PUD as a general obligation debt. Interest on the loan is stated at 0.25%. As of December 31, 2023, the principal outstanding on this loan payable was \$8,620,689, with annual principal payments due of \$344,828 through June 1, 2048.

Washington State DOE SRF Standard Loan 00040 – In November 2019, Clallam County Public Works entered into a Water Quality Combined Financial Assistance Agreement with the Washington State Department of Ecology (“DOE”) that provides grant and loan funding to support the County’s replacement of wastewater collection facilities infrastructure serving the communities of Sekiu and Clallam Bay. The SRF Standard Loan funding under this agreement provides loan borrowing capacity to the County totaling up to \$1,865,271. Interest on the SRF Standard Loan is at 2%, with semi-annual principal and interest payments due of \$9,299 beginning December 31, 2025 through June 30, 2045 based on borrowings outstanding as of December 31, 2023 and a revised estimated project completion date of December 31, 2024. Preliminary project design and planning for this project commenced in 2020 with construction beginning in 2021. Due to construction delays occurring during the COVID-19 pandemic, the County requested and received from DOE an extension of the estimated completion date of this project from October 31, 2023 to December 31, 2024, which resulted in the commencement of debt service commitments under the SRF Standard Loan being extended from July 31, 2024 to December 31, 2025. As of December 31, 2023, principal outstanding under the SRF Standard Loan totaled \$302,001.

Clallam County
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The total debt service requirements for these general obligation bonds based on borrowings outstanding as of December 31, 2023 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	392,072	22,501	414,573
2025	395,748	27,263	423,011
2026	357,487	25,766	383,253
2027	357,744	24,648	382,392
2028	358,003	23,524	381,527
2029-2033	1,794,117	100,593	1,894,710
2034-2038	1,801,473	71,690	1,873,163
2039-2043	1,809,598	42,013	1,851,611
2044-2048	1,751,409	13,555	1,764,964
TOTAL	<u><u>\$ 9,017,651</u></u>	<u><u>\$ 351,553</u></u>	<u><u>\$ 9,369,204</u></u>

The Clallam County Board of Commissioners has resolved to repay the Washington State CERB and Washington State PWB loans out of the County’s Opportunity Fund which receives most of its revenue under RCW 82.14.370 which provides for the Rural Counties Public Facilities Sales Tax, a .09% credit paid to the County from the state sales and use tax collected on economic activity within the County. This primary revenue source for the Opportunity Fund is currently scheduled to end in December 2054. If this revenue stream is not sufficient, the County will be obligated to allocate other resources to make the payments. In the opinion of Clallam County management, such other resources will be available to meet these obligations without materially affecting the County’s other obligations and operations.

The Washington State DOE SRF Standard Loan 00040 is currently expected to be repaid through increased assessed sewer user rates charged by the Clallam Bay Sewer Fund pending completion and approval of results of a user rate study by the Board of County Commissioners that is required to be completed under the DOE Water Quality Combined Financial Assistance Agreement. To the extent funding from user rate increases approved by the Board of County Commissioners are insufficient to fully fund the debt service requirements of the loan, other County funding sources, including the County’s Opportunity Fund, may be utilized subject to Board of County Commissioners approval.

- B. Washington State DOE SRF Forgivable Principal Loan 00040 – In conjunction with the Water Quality Combined Financial Assistance Agreement entered by Clallam County Public Works with the Washington State Department of Ecology (“DOE”) in November

Clallam County
Notes to Financial Statements
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2019 to support the County's replacement of wastewater collection facilities infrastructure serving the communities of Sekiu and Clallam Bay, the County received a SRF Forgivable Principal Loan providing for funding of up to \$434,500. No payments or interest are due under the SRF Forgivable Principal Loan, with forgiveness subject to satisfactory adherence to the terms and conditions of the DOE project agreement and completion of the project work. As of December 31, 2023, principal outstanding under the SRF Forgivable Principal Loan totaled \$123,977.

- C. Washington State DOE SRF Forgivable Principal Loan 00138 – In May 2020, Clallam County Public Works entered into a Water Quality Combined Financial Assistance Agreement with the Washington State DOE that provides forgivable principal loan funding to support the County conducting a value planning analysis of the alternatives for providing sanitary sewer and wastewater treatment plant services to the communities of Sekiu and Clallam Bay. This agreement provides loan borrowing capacity to the County totaling up to \$100,000. No payments or interest are due under the SRF Forgivable Principal Loan, with forgiveness subject to satisfactory adherence to the terms and conditions of the DOE project agreement and completion of the project work. Work for this project commenced in 2021 and was completed in 2023. During 2023, the County borrowed \$12,258 under the SRF Forgivable Principal Loan 00138, bringing the total principal outstanding under the loan to \$100,000. In November 2023, Washington State DOE notified the County of the full forgiveness of the SRF Forgivable Principal Loan 00138 principal outstanding. This loan forgiveness is reflected as a reduction of the full \$100,000 principal outstanding under this SRF Forgivable Principal Loan 00138 in the County's accompanying Schedule of Liabilities (09) and recognition of grant revenue totaling \$100,000 in the County's 2023 financial results of the Clallam Bay Sekiu Sewer enterprise fund. As of December 31, 2023, principal outstanding under the SRF Forgivable Principal Loan 00138 totaled \$0.
- D. Working Advance from Department of Social and Health Services – The Washington State Department of Social and Health Services ("DSHS") has historically provided a working advance to our Developmental Disabilities fund to alleviate cash flow problems the fund might experience due to the lag time between when expenditures are incurred by the fund and when it receives reimbursement for such expenditures from DSHS. The amount of working advance afforded by DSHS to this fund is subject to adjustment on June 30th of each year depending on DSHS' assessment of funding need. As of December 31, 2023, the working advance outstanding with DSHS totaled \$176,292.
- E. Compensated Absences - The County's liability to employees for compensated absences consists of amounts due for accrued vacation and compensatory time, and depending on the circumstances of an employee's separation, some portion of sick time accrued. The County uses percentages of 20% for full-time employees and 10% for part-time employees of accrued sick time to calculate the value of sick time accrued for purposes of liability disclosure as of December 31, 2023. The compensated absence liability is determined at the current pay rates for employees at the end of each year. Under this calculation, the liability for compensated absences at December 31, 2023 was \$3,547,049 which was an increase of \$25,363 from the end of 2022.

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- F. Asset Retirement Obligations – The County has a total of four underground fuel storage tanks (USTs) for which Asset Retirement Obligations were deemed appropriate to be recorded, two of which are currently in use and two that are no longer in use. Placed in service in 1979, the two USTs currently in use are located at the County’s courthouse and are used as fleet refueling tanks. The County’s other two inactive USTs are located at one of the County’s parks and were placed in service over 75 years ago by the Federal government but ceased being used as fuel USTs in approximately 1959. While there currently is no evidence indicating any contamination clean-up remediation will be required relating to these USTs, the County believes there is a reasonable likelihood that these four USTs will eventually require special disposal and decommissioning based on their age and design. While no formally adopted asset retirement plan exists for removal of these USTs at this time, the County did place the retirement of the two courthouse refueling tanks in its most recent five-year capital plan for potential decommissioning in 2026. As of December 31, 2023, the current cost to decommission and remove these four USTs, as adjusted for inflation, is estimated to total approximately \$585,273. While the County has identified five other USTs in use by principally the Roads department, these USTs are of a newer design with additional safeguards that their retirement is not deemed reasonably certain at this time, no indication exists that any contamination clean-up remediation will be required relating to these USTs based on results of ongoing monitoring, nor is the current cost of their decommissioning reasonably estimated at this time.
- G. Landfill Post Closure Liability— The County previously operated the Lake Creek landfill, a WAC 173-304 governed landfill, until its closure in 1989. As required under federal, state and local laws and regulations, the County installed the required membrane cap, groundwater monitoring wells, surface water and gas port vents, contracted for an initial 20-year post-closure monitoring period that commenced in 1989 and ended in 2009, and continued to perform post-closure care of the site including landscape maintenance and inspections both during and after the initial 20-year post closure monitoring period. Pending development and completion of a formal closure plan approved by the Washington State Department of Ecology to formally end post-closure status, the County is required under the land use permit issued for this former landfill site to continue to perform post-closure monitoring, inspections and maintenance of the site. As this current four-year permit expires at the end of 2024, the County engaged a firm to resume periodic surface water ground water, and gas emissions testing and inspections of the site beginning in April 2024. Based on estimates derived from this firm conducting the post-closure monitoring and by County public works staff, the County estimates that future remaining post-closure costs consisting of monitoring and site maintenance care of this former landfill from 2024 through 2032 total \$369,389 as of December 31, 2023. These cost estimate amounts were updated in 2023. Post-closure monitoring and site maintenance costs are accounted for in the County’s Solid Waste Fund and reported on the County’s Schedule of Liabilities. As the Solid Waste Fund does not currently have sufficient funding sources or reserves to pay for these costs, it is anticipated that funding support from the County’s General Fund will be required.

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NOTE 8 – LEASES AND INSTALLMENT PURCHASES

LEASES

The County leases land under a lease agreement with the Port of Port Angeles that began in 2018 and will end in February 2038 (not including term extensions that provide for up to two possible extensions of 10 years each).

The County leases building office, communications tower space, and storage space from various lessors under lease agreements that range from 5 to 10 years (not including term extensions). The individual leases began as early as 2018 and will end as late as 2029 (not including term extensions that provide for multiple extensions of up to 5 years). Terms vary from one lease to another.

The County leases machinery from Pitney Bowes for \$2,073 a quarter under a 5-year lease agreement that began in 2022.

The total amount paid for leases in 2023 was \$135,149. As of December 31, 2023, the future minimum lease payments under these leases, including expected lease term extensions as provided for within the lease agreements, are as follows:

Year Ended December 31	Total
2024	\$ 110,416
2025	78,173
2026	74,388
2027	49,483
2028	47,293
2029-2033	260,356
2034-2038	285,872
2039-2043	321,712
2044-2048	383,202
2049-2053	456,444
2054-2058	<u>448,065</u>
TOTAL	<u>\$ 2,515,404</u>

INSTALLMENT PURCHASES

The County acquired and deployed a body camera system for use by its law enforcement officers in 2023 under a 5-year installment equipment purchase and software licensing agreement. Beginning in July 2023, the body camera equipment commitments under this agreement requires five annual installment payments of \$22,612. Payments under this agreement totaled \$22,612 in 2023. As of December 31, 2023, equipment installment purchase commitments outstanding under

Clallam County
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this agreement totaled \$90,446 and are reflected in the County’s Schedule of Liabilities. The software licensing component commitments under this agreement are accounted for as a Subscription Based Information Technology Arrangement (“SBITA”), and are included as a SBITA liability in the County’s Schedule of Liabilities (see Note 15).

NOTE 9 - PENSION PLANS

Substantially all Clallam 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, including PERS 1, PERS 2/3, PSERS 2, LEOFF 1, and LEOFF 2.

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 County’s employer contributions and proportionate share of the collective net pension assets, net of pension liabilities as reported on Schedule 09, were as follows:

Plan	Employer Contribution	Allocation %	Liability (Asset)
PERS 1	\$ 990,373	0.15%	\$ 3,317,631
PERS 2/3	\$ 1,442,416	0.16%	(6,724,135)
LEOFF 1	\$ -	0.02%	(497,916)
LEOFF 2	\$ 194,692	0.09%	(2,068,911)
PSERS 2	\$ 184,717	0.37%	(389,014)

LEOFF 1

The County 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.

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LEOFF 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 2 Retirement Board. This special funding situation is not mandated by the State constitution and could be changed by statute.

NOTE 10 - RISK MANAGEMENT

A. Liability Risk Pool

Clallam County is a participating member of the Washington Counties Risk Pool (“WCRP”). Chapter 48.62 RCW authorizes the governing body of one or more governmental entities to join together for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services.

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The Pool was formed in August of 1988 when 15 counties in the state of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 31, 2023, 24 counties participate in the WCRP.

The Pool allows members to jointly establish a plan of self-insurance, and provides related services, such as risk management, education, and claims administration. The Pool’s liability program provides coverage for general liability, public officials liability, police professional liability, employment practices liability, and automobile liability. County deductibles range from \$10,000 to \$500,000. Reinsurance is purchased in several layers up to the policy limits of \$10,000,000. Members may purchase an optional \$5,000,000 excess of \$20,000,000 layer of coverage. Allocated Loss Adjustment Expense (ALAE) is combined with losses for purposes of the Pool retention, excess insurance, and deductibles. For losses occurring in 2023, Clallam County selected a per-occurrence deductible of \$100,000.

Members make an annual contribution to fund the Pool. The Pool acquires excess and reinsurance for further protection from larger losses. For the first \$10,000,000 of coverage, the Pool acquires reinsurance. The reinsurance agreements are written with Self-Insured Retentions (“SIRs”) equal to the amount of the layer of coverage below. For the Pool’s 2020-21 Fiscal Year, the Pool’s SIR was \$2,000,000 and for the Pool’s 2021-22 and 2022-23 Fiscal Years, the Pool’s SIR was \$3,000,000. The other insurance agreements respond up to the applicable policy limits and the agreements contain aggregate limits for the maximum annual reimbursements to the Pool of \$30,000,000 (lowest reinsured layer), and \$50,000,000, (second layer). The Pool purchases excess coverage for the additional \$10,000,000 with an aggregate limit of \$100,000,000. Since the Pool is a cooperative program, there is a joint liability among the participating members. For the 2022-

Clallam County
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23 Fiscal Year, 15 of the Pool's 25 member counties group purchase an additional \$5,000,000 policy in excess of the pooled \$20,000,000.

New members may be asked to pay modest fees to cover the costs to analyze their loss data and risk profiles, and for their proportional shares of the entry year's assessments. New members contract under the Interlocal Agreement to remain in the Pool for at least five years. Following its initial 60-month term, any member may terminate its membership at the conclusion of any Pool fiscal year, provided the county timely files the required advance written notice. Otherwise, the Interlocal Agreement and membership automatically renews for another year. Even after termination, former members remain responsible for reassessments by the Pool for the members' proportional shares of any unresolved, unreported, and in-process claims for the periods that the former members were signatories to the Interlocal Agreement.

The Pool is fully funded by its member participants. Claims are filed directly with the Pool by members and adjusted by one of the four staff members responsible for evaluating each claim for coverage, establishing reserves, and investigating for any risk-shared liability. The Pool does not contract with any third-party administrators for claims adjustment or loss prevention services.

During 2022-23, Clallam County was also one of twenty-four (24) counties which participated in the Washington Counties Property Program (WCPP). Property losses are covered under the WCPP to the participating counties' buildings and contents, vehicles, mobile/contractor equipment, EDP and communication equipment, etc. that have been scheduled. The WCPP includes 'All Other Perils ("AOP")' coverage limits of \$500 million per occurrence as well as Flood and Earthquake (catastrophe) coverages with separate occurrence limits, each being \$200 million. There are no AOP annual aggregate limits, but the flood and earthquake coverages include annual aggregate limits of \$200 million each. Each participating county is solely responsible for paying their selected deductible, ranging between \$5,000 and \$50,000. Higher deductibles apply to losses resulting from catastrophe-type losses.

Clallam County also participates in the jointly purchased cyber risk and security coverage from a highly rated commercial insurer. This group-purchased cyber coverage provides limits of \$2,000,000 per claim and \$5,000,000 in the aggregate. For 2023, the Pool's SIR for cyber claims was \$500,000 from January 1 through December 31, with Clallam County having no deductible.

Beginning in the 2022-23 Fiscal Year, Clallam County was one of 23 counties that participated in a group purchased crime policy, which included limits of \$2,000,000 and with a county deductible of \$25,000.

The Pool is governed by a board of directors which is comprised of one designated representative from each participating member. The Board of Directors generally meets three times each year with the Annual Meeting of the Pool being held in summer. The Board approves the extent of risk-sharing, approves the Pool's self-insuring coverage documents, approves the selection of reinsurance and excess agreements, and approves the Pool's annual operating budget.

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An 11-member executive committee is elected by and from the WCRP Board for staggered, 3-year terms. Authority has been delegated to the Committee by the Board of Directors to, a) approve all disbursements and review the Pool's financial health, b) approve case settlements exceeding the applicable member's deductible by more than \$100,000, c) to authorize by two-thirds majority vote commencement of lawsuits in the name of the Pool.

During 2022-23, the WCRP's assets increased to \$69,171,241 while its liabilities also increased to \$44,769,402. The Pool's net position ended at \$25,531,296. The Pool more than satisfies the State Risk Manager's solvency requirements (WAC 200.100.03001). The Pool is a cooperative program with joint liability amongst its participating members.

Deficits of the Pool resulting from any fiscal year are financed by reassessments of the deficient year's membership in proportion with the initially levied and collected deposit assessments. The Pool's reassessments receivable balance as of December 31, 2023 was zero (\$0). As such, there were no known contingent liabilities at that time for disclosure by the member counties.

B. Unemployment and Workers' Compensation

The County has elected to fully self-insure its risk for unemployment claims and pays actual costs quarterly as determined and administered by the Washington State Employment Security Department.

The County has elected to partially self-insure its risk for workers' compensation claims. The County is responsible for workers' compensation claims up to \$550,000 per occurrence for non-law enforcement related claims, and up to \$1,000,000 per occurrence for law enforcement related claims. Losses in excess of these thresholds are insured through excess workers' compensation insurance policies. County Management considers the reserve levels at the end of 2023 to be adequate to cover known and anticipated claims as of that date.

C. Risk Funding

Claim settlements and loss expenses are accrued in the Workers' Compensation Claims, Unemployment Compensation, and Risk Management funds for the estimated settlement value of both reported and unreported claims up to the statutory excess limits, as applicable. These funds are responsible for collecting interfund premiums from insured funds and departments, for paying claims settlements and for purchasing certain insurance policies.

NOTE 11 - CLAIMS AND JUDGMENTS

Clallam County was named as the defendant in five legal actions as of the end of 2023 of which all five qualify for coverage under the WCRP. See Note 10 - Risk Management for a description of the WCRP. In the opinion of County management, the county's insurance policies and self-insurance reserves are adequate to pay known and pending claims as of the end of 2023.

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NOTE 12 – OPEB PLAN—LEOFF 1

The County’s post-employment benefits other than pensions liability (“OPEB”) consists solely of the LEOFF 1 Retirement Medical Plan, a closed, single-employer, defined-benefit OPEB plan administered by Clallam County as required under RCW 41.26.150. The plan pays for 100% of eligible retirees’ healthcare-related costs on a pay-as-you-go basis. As of December 31, 2023, the plan had six members, all of which are retirees. As of December 31, 2023, the County’s total OPEB liability was \$3,163,994, as calculated using the alternative measurement method online tool available through the Office of the Washington State Actuary, and represents an increase of \$151,361 from the end of 2022. For the year ended December 31, 2023, the County paid total medical costs for the members of \$30,939. In addition, the County also paid \$31,931 in medical insurance premiums for four of these retired employees in 2023. Only LEOFF 1 employees are eligible for this benefit.

NOTE 13 – COVID-19 PUBLIC HEALTH EMERGENCY

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of the COVID-19 virus. In subsequent weeks, the Governor’s office ordered via proclamation a number of precautionary measures to be taken to slow the spread of COVID-19. These measures included closing schools, colleges and universities, canceling public events, prohibiting public and private gatherings, closing of state and local parks, requiring residents to stay home with only limited exceptions, and closing of all non-essential businesses as defined by the Governor’s proclamation. On a national level, the COVID pandemic led to similar measures being taken by all remaining states, resulting in a significant downturn in the US and global economy and capital markets, leading the US Federal government to adopt a number of economic stimulus bills to aid individuals, businesses, hospitals, states and local governments impacted during the state of emergency.

During the third year of this declared public health emergency which formally ended in May 2023, the pace of economic activity in 2023 within the County overall slowed considerably from the significantly higher levels of economic growth that occurred from the 2nd half of 2020 through 2021 and 2022, which was largely driven by significant economic stimulus provided in 2021 by the Federal government. In 2022 and continuing into 2023, negative economic impacts of the COVID pandemic continued but transitioned from those impacts resulting from business interruptions and closures to impacts resulting from the highest levels of inflation experienced in over 40 years in the United States stemming partly from supply chain and labor challenges during and after the COVID pandemic, and the significant rise in interest rates by the Federal Reserve Bank in 2022 and 2023. Continued inflation and higher borrowing costs placed increased economic stress on households in Clallam County despite historically low unemployment, and continued negative economic impacts on nonprofits serving community needs and disproportionately impacted populations during and after the pandemic.

The County continued to incur significant additional expenditures relating to its emergency response to the COVID pandemic, much of which related to addressing the continued negative

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economic impacts of COVID-19 in its communities that were funded through federal direct and pass-through grants received under the Coronavirus State and Local Fiscal Recovery Funds (“SLFRF”) Section 603 of ARPA. In May 2021, the County was awarded a total of \$15,020,640 from the United States Department of the Treasury, of which \$7,510,320 was received in May 2021, and the remaining \$7,510,320 was received in June 2022. Based on eligible usage guidance outlined in the SLFRF Final Rule released in early 2022, input received from multiple task groups created to identify community needs created during the COVID-19 emergency, and evaluation of applications received by the County from entities requesting SLFRF funding assistance, the County Board of Commissioners approved allocations of SLFRF funds awarded to the County to provide economic assistance, public health, and water, sewer and broadband infrastructure funding to several projects. As reported to the United States Treasury in the County’s 4th Quarter 2023 SLFRF Project & Expenditure Report filed in January 2024, these obligated projects as of December 31, 2023 included:

ARPA Project Expenditure Category Group	ARPA Project Expenditure Category	Project Name	Total ARPA Funds Contractually Obligated as of 12/31/2023	Total ARPA Expenditures Incurred To-Date Thru 12/31/2023	Project Description
2. - Negative Economic Impacts	2.2 Household Assistance: Rent, Mortgage, and Utility Aid	Clallam County PUD Residential and Commercial Utility Assistance	\$ 350,000	\$ 350,000	Via a Subrecipient Agreement entered into with Clallam County PUD, this project provides utility payment assistance to residents, small businesses, and nonprofits experiencing severe financial hardship due to job loss, layoff, reduction of work hours, reduced revenues or other negative economic impacts or circumstances resulting from the COVID-19 emergency needed to avoid utility disconnect that would endanger the health and well-being of such impacted residents, and impair the ability of businesses to continue to operate. To date, 576 households and small businesses had received ARPA-funded utility payment assistance.
2. - Negative Economic Impacts	2.29 Assistance to Small Businesses: Loans or Grants to Mitigate Financial Hardship	Clallam Economic Development Council - Lifeboat3--Small Businesses	\$ 2,429,845	\$ 2,429,845	Via Subrecipient Agreement entered into with Clallam Economic Development Council to provide small business relief. \$2,500,000 allocated to eligible small businesses and nonprofits located in Clallam County (of which \$2,484,788 has been obligated to date to small businesses) whose operations and financial condition were adversely impacted by the COVID-19 public health emergency, including a reduction in revenues, increase in operating costs related to implementing COVID-19 prevention or mitigation tactics or due to other operating cost increases experienced during the pandemic, business disruption or closure, event cancellation, and/or other similar circumstances during the pandemic that created a financial hardship. Under the EDC Lifeboat 3 grant program funded by these ARPA funds, a total of 160 small businesses in Clallam County received assistance through December 31, 2023.
2. - Negative Economic Impacts	2.34 Assistance to Non-Profits: Assistance to Impacted Nonprofit Organizations (Impacted or Disproportionately Impacted)	Clallam Economic Development Council - Lifeboat 3 Economic Assistance--NonProfits	\$ 302,000	\$ 302,000	Via Subrecipient Agreement entered into with Clallam Economic Development Council to provide small business relief. \$2,500,000 allocated to eligible small businesses and nonprofits located in Clallam County (of which \$162,000 has been obligated to date to nonprofits) whose operations and financial condition were adversely impacted by the COVID-19 public health emergency, including a reduction in revenues, increase in operating costs related to implementing COVID-19 prevention or mitigation tactics or due to other operating cost increases experienced during the pandemic, business disruption or closure, event cancellation, and/or other similar circumstances during the pandemic that created a financial hardship. Under the EDC Lifeboat 3 grant program funded by these ARPA funds, a total of 30 nonprofits in Clallam County had received assistance through December 31, 2023.

Clallam County
Notes to Financial Statements
For the Year Ended December 31, 2023

ARPA Project Expenditure Category Group	ARPA Project Expenditure Category	Project Name	Total ARPA Funds Contractually Obligated as of 12/31/2023	Total ARPA Expenditures Incurred To-Date Thru 12/31/2023	Project Description
2. - Negative Economic Impacts	2.11 Healthy Childhood Environments: Child Care	Clallam Economic Development Council -Lifeboat 3 Economic Assistance-- Childcare	\$ 469,064	\$ 469,064	Via Subrecipient Agreement entered into with Clallam Economic Development Council to provide \$469,064 to small businesses, nonprofits and special districts that provide child care services in Clallam County who were negatively impacted by the COVID-19 pandemic either through lower revenues caused by COVID restricted class sizes, increased staffing and other program costs to accommodate greater demand for childcare services during COVID due to school closures, and additional COVID mitigation costs. A total of 23 child care services small businesses, non-profits and special districts in Clallam County had received assistance through December 31, 2023.
2. - Negative Economic Impacts	2.15 Long-term Housing Security: Affordable Housing	Peninsula Housing Authority	\$ 210,000	\$ 210,000	Via a Subrecipient Agreement entered into with Peninsula Housing Authority to cover any gaps in funding for six affordable home projects currently on hold and other similar affordable housing projects located in Clallam County that low income families are participating in building through its Mutual Self-Help Program and that qualify for assistance under its Down Payment Assistance Program. Funds are needed to address immediate cash flow needs of the Mutual Self-Help program which relies on available funding through the Subrecipient's Down Payment Assistance program to cover home build funding gaps once USDA loan funds are exhausted.
2. - Negative Economic Impacts	2.15 Long-term Housing Security: Affordable Housing	Peninsula Behavioral Health - All View Motel Affordable Housing Project	\$ 727,411	\$ 727,411	Via a Direct Grant Agreement entered into with Peninsula Behavioral Health to support its purchase of the All View Motel for conversion into a supportive affordable housing project of 27 units to house up to 41 individuals or families with serious mental health needs and/or significant substance use disorders that are in need of permanent stable housing with onsite services to be owned, operated and staffed by Peninsula Behavioral Health.
2. - Negative Economic Impacts	2.15 Long-term Housing Security: Affordable Housing	Habitat for Humanity	\$ 100,000	\$ 100,000	Via a Subrecipient Agreement to be disbursed to Clallam County Habitat for Humanity to support the completion of affordable housing projects in Clallam County for low income households with incomes of 30-80% of Clallam County's AMI. Such funding is needed to address immediate cash flow constraints that are hindering Habitat for Humanity's ability to cover funding gaps in planned affordable housing projects due to increased building material costs. These funds will be used for affordable housing construction costs, including contractor and subcontractor and building material expenses for current housing unit projects, or for restarted housing projects that were previously placed on hold due to high construction material or contractor/subcontractor costs encountered during the COVID-19 pandemic. A total of 2 affordable housing projects in Port Angeles were completed by the end of 2021 utilizing the ARPA funds provided.
2. - Negative Economic Impacts	2.1 Household Assistance: Food Programs	Clallam Bay - Sekiu New Hope Food Bank	\$ 250,000	\$ 194,922	Via a Direct Grant Agreement entered into with The Cornerstone PEC of Clallam Bay-Sekiu, a non-profit organization that operates a food bank serving residents of Clallam Bay-Sekiu and surrounding areas within Clallam County who are experiencing food insecurity during the COVID-19 public health emergency. Their current food bank facility (a 30+ year-old single-wide mobile home of approximately 720 square feet) has, due to the building's age and construction quality, fallen into a state of severe disrepair, and as a result of pest infestation, electrical wiring problems and other issues is no longer safe or viable for the Recipient to continue operating as a food bank. In addition to the inadequacy of the Recipient's current facility from a food storage capacity and operating safety perspective, the Recipient's current facility is located approximately 3 miles outside of Clallam Bay, which greatly hinders its ability to service the food security needs of low income residents in the area, many of which lack a means of transportation to access the Recipient's facilities. In order to address its facility deficiencies, the Recipient has identified an approximate 1,300 square foot replacement building located at 33 Bogachiel St, Clallam Bay, WA, at the center of Clallam Bay that is within close proximity of several local organizations that support the needs of the community including the Lions Club, health clinic, community center, and local church. This agreement is to support the recipient's purchase and renovation of the new facility. Page 56

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For the Year Ended December 31, 2023

ARPA Project Expenditure Category Group	ARPA Project Expenditure Category	Project Name	Total ARPA Funds Contractually Obligated as of 12/31/2023	Total ARPA Expenditures Incurred To-Date Thru 12/31/2023	Project Description
3. Negative Economic Impacts--Services to Disporportionately Impacted Communities	3.11 Housing Support: Services for Unhoused Persons	North Olympic Regional Veteran's Housing Network-- Hobucket House	\$ 99,903	\$ 99,903	Via a Direct Grant Agreement entered into with North Olympic Veteran's Housing Network to be disbursed to the Recipient to support completion of the Recipient's "Hobucket House" affordable housing group home project for homeless, disabled Veterans in Clallam County using federal ARPA funding. Funding was needed to address immediate cash flow constraints that are hindering the Recipient's ability to cover funding gaps in this planned affordable housing group home project located in Forks, WA due to increased building material costs resulting from the supply chain disruptions created during the COVID-19 public health emergency. An additional \$40,000 was granted with in July 2023 to cover funding gap created from loss of HCHV grant until new grant funding is active in October 2024.
2. - Negative Economic Impacts	2. 35 Aid to Tourism, Travel, or Hospitality	Black Ball Transportation Inc Economic Assistance Grant	\$ 1,250,000	\$ 1,250,000	Via a Direct Grant Agreement entered into with Black Ball Transportation, Inc. to support the preservation of the Recipient's private marine transportation activities and jobs associated with such activities that were severely negatively impacted by the closure of the United States- Canada border during the COVID-19 pandemic by providing ARPA-funded economic support assistance.
1.- Public Health	1.1 COVID-19 Vaccination	COVID-19 Vaccination Marketing Campaign	\$ 21,000	\$ 20,017	COVID-19 vaccination marketing campaign for Clallam County to provide information about COVID-19 through a Clallam County Cares website that provides the community with COVID-19 information, vaccine locator, and Clallam County Statistics.
2. Negative Economic Impacts	2.11 Healthy Childhood Environments: Child Care	Child Care Recruitment Job Fair	\$ 1,215	\$ 1,215	Sponsorship funding for a recruitment fair to encourage participants to consider a career in childcare and early childhood education and accept job openings currently available in most childcare centers and facilities across the county. Current staffing shortage has depressed child care slots by over 25% in a context of an already severe shortage of slots available. Funds were used for advertising in the local paper; Peninsula Daily News, 3 times and a City Banner (cost and installation).
1.- Public Health	1.7 Capital Investments or Physical Plant Changes to Public Facilities	Tek84 Full Body Scanner for County Jail	\$ 183,872	\$ 183,872	Via an Agreement/Purchase Order with Tek84, project is for the purchase of the Tek84 Intercept Full Body Scanner System. This system consists of a thermal body scanner that will be employed in scanning all incoming inmates to the County jail, minimizing the amount of time and physical proximity needed to conduct a search for contraband, resulting in reduced risk of potential COVID-19 exposure to Jail staff during the processing of incoming inmates.
2 - Negative Economic Impacts	2.1 Household Assistance: Food Programs	Port Angeles Food Bank	\$ 1,348,000	\$ 1,348,000	Via a Direct Grant Agreement entered into with Port Angeles Food Bank to support the renovation costs of their New Facility and to support staff salaries. \$1,300,000 was used by the Recipient to fund renovation costs to make its New Facility suitable as a food bank capable of handling much higher demand for food assistance both during and following the COVID-19 pandemic, including construction, building and material costs. The remaining \$48,000 is to be used by the Recipient for staff salaries, wages, benefits, and premium pay.
2 - Negative Economic Impacts	2.1 Household Assistance: Food Programs	Sequim Food Bank	\$ 185,950	\$ 40,291	Via a Direct Grant Agreement entered into with Sequim Food Bank to support pre-construction costs for a new storage facility and staff salaries. \$150,000 may be used by the Recipient to fund pre-construction costs of a new storage facility on the vacant lot adjacent to the current food bank. \$35,950 may be used by the Recipient for staff salaries, wages, and benefits.
2 - Negative Economic Impacts	2.1 Household Assistance: Food Programs	Forks Community Food Bank	\$ 105,000	\$ 105,000	Via a Direct Grant Agreement entered into with the Recipient to purchase and install a walk-in freezer at the Forks Community Food Bank and funds to transition the executive director position from a volunteer status to a paid full-time position and any other necessary additional staffing costs needed to provide adequate staffing and administrative support to the operations. \$35,000 will be used to purchase and install the walk-in freezer and \$70,000 will be used to fund the transition of the executive director position from a part-time volunteer position to a full-time paid position due to increased demands placed on the role, and for other necessary additional staffing costs.

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ARPA Project Expenditure Category Group	ARPA Project Expenditure Category	Project Name	Total ARPA Funds Contractually Obligated as of 12/31/2023	Total ARPA Expenditures Incurred To-Date Thru 12/31/2023	Project Description
2 - Negative Economic Impacts	2.1 Household Assistance: Food Programs	Sequim Open Aire Market	\$ 4,500	\$ -	Via a Direct Grant Agreement entered into with Sequim Open Aire Market, \$4,500 may be used for the augmenting of fundraising and sponsorship funds that have diminished due to the COVID-19 public health emergency. Funds will be used to continue providing an unlimited one-for-one match for low-income shoppers for the purchase of healthy food choices through the SNAP Market Match Program and to provide funds needed to support a \$20.00 or more incentive to the Senior Farmers Market Nutrition Program and Women Infant and Children Farmers Market Nutrition Program users.
2 - Negative Economic Impacts	2.1 Household Assistance: Food Programs	Port Angeles Farmer's Market	\$ 6,500	\$ 5,741	Via a Direct Grant Agreement entered into with Port Angeles Farmer's Market, \$6,500 may be used for the augmenting of fundraising and sponsorship funds that have diminished due to the COVID-19 public health emergency. Funds will be used to continue providing an unlimited one-for-one match for low-income shoppers for the purchase of healthy food choices through the SNAP Market Match Program and to provide funds needed to support a \$10.00 incentive to the Senior Farmers Market Nutrition Program and Women Infant and Children Farmers Market Nutrition Program users.
2 - Negative Economic Impacts	2.1 Household Assistance: Food Programs	West Olympic Peninsula Betterment Association	\$ 18,000	\$ 18,000	Via a Direct Grant Agreement entered into with West Olympic Peninsula Betterment Association to purchase materials directly associated with or connected to the, "Feed the 5000" community meal service. \$18,000 may be used by the Recipient in providing a meal service to assist residents of the City of Forks and surrounding areas experiencing food insecurity during the COVID-19 public health emergency.
3. Public Health - Negative Economic Impact: Pulic Sector Capacity	3.2 Rehiring Public Sector Staff	County Need-- Clallam Prosecuting Attorney-- Additl Staff Funding for Case Back Log	\$ 104,217	\$ 104,217	Pursuant to US Treasury FAQ 2.19 under the SFLRF guidance, costs may be incurred to address COVID-related backlog in court cases may be funded through ARPA funds. The County's BOCC approved allocating ARPA funding to address and clear the significant COVID court case backlog by hiring additional staff in the Clallam County Prosecuting Attorney's office in 2022.
2. - Negative Economic Impacts	2.34 Assistance to Non-Profits: Assistance to Impacted Nonprofit Organizations (Impacted or Disproportionately Impacted)	United Way - Clallam Resilience Project	\$ 51,872	\$ 51,872	Via a Direct Grant Agreement entered into with United Way of Clallam County to foster resilience through fostering trauma-sensitive care and expanding the understanding of NEAR (Neuroscience, Epigenetics, Adverse Childhood Experiences, and Resilience). Funds will be used for United Way to continue to host monthly Community Meetings that primarily focus on providing recovery tools for those who were severely impacted by the COVID-19 public health emergency. Funds will also be used to host a Collaborative Learning Academy for local businesses and agencies to instill trauma sensitive and healing approaches, practices, systems and environments in their organization for sustainable, long-term public health gain.
5. Infrastructure, Water & Sewer	5.11 Drinking water: Transmission & Distribution	Black Diamond Water District Water Main Relocation	\$ 103,079	\$ 103,079	Via a Direct Grant Agreement entered into with Black Diamond Water District to relocate their exposed and suspended water main line to the new Department of Natural Resources Bridge, ensuring the Recipient can fulfill their critical role in providing clean and safe drinking water to roughly 450 water users.
1. Public Health	1.7 Other COVID-19 Public Health Expenses	BOCC Meeting Room Technology Project	\$ 96,227	\$ 96,227	IT capital project designed to support the need for improved virtual public meeting capabilities of the County during the COVID-19 public health emergency to mitigate and reduce the risk of COVID-19 spread during public meetings.
2. Negative Economic Impacts	2.15 Long-term Housing Security: Affordable Housing	Peninsula Housing Authority Mutual Self-Help Program	\$ 300,000	\$ 186,942	Via a Direct Grant Agreement entered into with Peninsula Housing Authority to cover a funding shortfall for payroll and administrative costs incurred in support of the Mutual Self-Help Affordable Housing Program which has experienced homebuilding construction delays during the COVID pandemic, resulting in timelines required under USDA/Rural Development grant funding being exceeded and placing future funding at risk if the underlying projects are not completed.

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ARPA Project Expenditure Category Group	ARPA Project Expenditure Category	Project Name	Total ARPA Funds Contractually Obligated as of 12/31/2023	Total ARPA Expenditures Incurred To-Date Thru 12/31/2023	Project Description
2. Negative Economic Impacts	2. 11 Healthy Childhood Environments: Child Care	Clallam County YMCA Early Learning Facility	\$ 500,000	\$ 415,324	Via a Direct Grant Agreement entered into with Clallam County YMCA in support of the construction and development of the Early Learning Facility to be located in Port Angeles to provide childcare and early learning services to children 0-6 years of age.
6. Revenue Replacement	6.2 Non-federal Match for Other Federal Programs	Broadband Grant Local Match	\$ 1,786,109	\$ 7,498	This Broadband project is the required 10% match for the Washington State Broadband Office - Infrastructure Acceleration Grant in which Clallam County was awarded \$16,074,984.65 with the required match of \$1,786,109.41. This Broadband project will connect approximately 923 homes to broadband.
3. Public Health - Negative Economic Impact: Public Sector Capacity	3.1 Public Sector Workforce: Payroll and Benefits for Public Health, Public Safety, or Human Services Workers	Sheriff's Office - Hiring and Retention Incentives	\$ 381,370	\$ 282,193	To address an unprecedented number of open correction officer positions within the County Sheriff's Department and the increased difficulty in sourcing, recruiting and retaining qualified law enforcement personnel needed for critical public safety patrol and corrections positions during and after the COVID 19 pandemic, a retention, recruitment and referral pay incentive program was created for new and current patrol and corrections officers to incent these personnel to join and remain employed by the Clallam County Sheriff's Office for a contracted period of 36 months to ensure delivery of public safety services during a period of critical staff shortages.
3. Public Health - Negative Economic Impact: Public Sector Capacity	3.1 Public Sector Workforce: Payroll and Benefits for Public Health, Public Safety, or Human Services Workers	Clallam County Prosecuting Attorney, HHS Nurses and Juvenile Corrections - Hiring and Retention Incentives	\$ 167,377	\$ 122,531	To address an elevated number of open deputy prosecuting attorney, nursing, and juvenile corrections officer positions within the County and the increased difficulty in sourcing, recruiting and retaining qualified personnel needed for these critical public safety and health positions during and after the COVID 19 pandemic, a retention and recruitment pay incentive program was created for new and current deputy prosecuting attorneys, nurses and juvenile corrections officers to incent these personnel to join and remain employed by the County for a contracted period of 36 months to ensure delivery of public safety and public health services during a period of critical staff shortages.
2. Negative Economic Impacts	2.18 Housing Support: Other Housing Assistance	Clallam Medical Respite Care Pilot Program for the Homeless	\$ 472,180	\$ 211,947	Funds were committed by Clallam County Health and Human Services to develop the Clallam Respite Care Pilot Program which will provide short-term resident services coupled with respite support services and access to medical care for people experiencing homelessness. Such services will be provided in the County's principal low barrier homeless shelter, with trauma informed care-based medical care to be provided by a healthcare non-profit, Olympic Peninsula Community Clinic, who will serve as a contractor in the provision of these services.
2. Negative Economic Impacts	2.34 Assistance to Non-Profits: Assistance to Impacted Nonprofit Organizations (Impacted or Disproportionately Impacted)	Port Angeles Waterfront Center	\$ 300,000	\$ 300,000	Via a Direct Grant Agreement entered into with Port Angeles Waterfront Center for provision of funds to support the completion of the Field Arts & Events Hall, a 500 seat multi-purpose auditorium and 300 seat conference center, the construction of which was negatively impacted by the COVID-19 public health emergency. In addition to incurring unexpected costs related to the suspension and then resumption of construction during the pandemic, the Recipient also experienced negative economic impacts resulting from supply chain disruptions and inflationary impacts on building materials and labor costs during the pandemic, lost revenue due to the delay in opening this facility, and other unanticipated costs.
2. Negative Economic Impacts	5.10 Drinking water: Treatment	Carlsborg UGA Water Infrastructure Support	\$ 775,000	\$ 88,721	Via a Direct Grant Agreement entered into with Clallam County PUD No.1 in support of the Carlsborg UGA Water Infrastructure project to address declining water quality issues in the principal well source for the Carlsborg area where rising nitrate levels if left unchecked would exceed maximum contamination allowed under Safe Drinking Water Act within the next 4 to 6 years. To address this problem, the PUD has developed the Carlsborg/Van-Lan Water System Blending project using a newly developed deep water well to draw clean water from and blend with the nitrate-impacted principal well water source to dilute the nitrates and thereby improve and safeguard the quality of drinking water serving the Carlsborg region. This water treatment technique is an approved DOH course of action. With an estimated total cost of \$9.1 million, this water infrastructure project is eligible under multiple eligible project types in the EPA's Drinking Water State Revolving Fund Handbook under the Treatment, Transmission and Distribution, Source, and Storage categories.

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ARPA Project Expenditure Category Group	ARPA Project Expenditure Category	Project Name	Total ARPA Funds Contractually Obligated as of 12/31/2023	Total ARPA Expenditures Incurred To-Date Thru 12/31/2023	Project Description
2. Negative Economic Impacts	2.15 Long-term Housing Security: Affordable Housing	Peninsula Housing Authority --Ox Bow Apartments	\$ 200,000	\$ -	Via a Direct Grant Agreement entered into with Peninsula Housing Authority to support the purchase of the Ox Bow Apartments in Forks, Washington preserving 20 units of affordable housing. The Apartments built in 1988 under USDA Section 515 Loan locking in affordable housing was due to expire. Property was to be offered on the open market if public housing provider was not able to purchase property. PHA's purchase of this property will extend the affordable housing limitation on the property for 30-40 years, requiring tenants income of 80% AMI or less. PHA will be applying for Dept of Commerce HITF funding as well to complete the purchase. Closing date estimated in Spring/Summer 2024.
5. Infrastructure, Water & Sewer	5.13 Drinking water: Source	Bullman Beach Water System	\$ 60,490	\$ -	The County committed funding for the Bullman Beach water system project to repair a failing Group A water system through design and construction of a bag filtration system for a water system serving 20 residential customers and two commercial customers to improve user access to safe drinking water which no longer met Department of Ecology standards.

\$ 13,360,181	\$ 9,825,831
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The SLFRF grant advances received by the County and expenditures incurred for the SLFRF projects outlined above are accounted for in the County’s American Rescue Plan Act special revenue fund.

In March 2021, Section 605 of the ARPA Act entitled Local Assistance and Tribal Consistency Fund (“LATCF”) was passed providing \$1.5 billion to the US Department of the Treasury in 2022 and 2023 to fund payments to eligible revenue sharing counties, with \$750 million to be paid to eligible counties for each of the fiscal years 2022 and 2023. Of these funds, the County was awarded a total of \$2,510,765, of which the County received \$1,255,383 in December 2022 with the remainder received in August 2023. Funds received under LATCF may be used by local governments for any governmental purpose other than a lobbying activity. The receipt of LATCF funding is accounted for in the County’s General Fund, and no LATCF funds have been obligated or disbursed as of December 31, 2023. Based on the limitations of use and reporting requirements governing LATCF funds, these funds are reflected as restricted cash and investments in the County’s General Fund.

NOTE 14 – BLAKE DECISION

In February 2021, as a result of the Washington State Supreme Court decision in the *State v. Blake* case, 197 Wn.2d 170, 173 (2021), all convictions of simple possession of controlled substances under existing State laws were deemed unconstitutional and voided dating back to 1971, requiring the release of affected defendants currently incarcerated, resentencing of affected defendants, and the refunding of all legal financial obligations (“LFOs”) assessed and collected from the affected defendants.

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Shortly after the *Blake* decision, a putative class action was filed by the Civil Survival Project (“CSP”) against King County, Snohomish County and the State of Washington seeking a refund of LFOs and other unspecified damages and was later amended to include all Washington counties. The obligation to refund LFOs is not disputed, but the question of whether refunds are the responsibility of the counties or the State is in dispute. The counties believe that this is exclusively a state liability, a position shared by Clallam County. The *Blake* decision invalidates several thousand convictions in superior court dating back to 1971 and implicates a potentially significant, but currently indeterminable, amount of refunds of LFOs related to criminal convictions for simple drug possession obtained for the State of Washington out of Clallam County. The State of Washington has rejected a tender of the CSP matter from the counties. In the fall of 2021, the CSP class action lawsuit was dismissed with prejudice. Plaintiffs filed an appeal to the Washington Supreme Court. On May 9, 2023, the Washington Supreme Court issued an order denying the appeal petition for review for the CSP case, thereby permanently dismissing the case. Clallam County and numerous counties along with the Washington Association of Counties (“WSAC”) filed suit against the State to both enforce the tender of any *Blake*-related suits and to ensure that *Blake*-related liabilities belong to the State, not the counties, for which partial summary judgment was received.

In April 2021, the Washington State Legislature passed SB5476 which requires the creation and funding of a *State v. Blake* reimbursement account to be funded by the State Treasury and administered by the Washington State Administration of the Courts (“AOC”) to be used to cover state and local government costs incurred relating to the *State v. Blake* decision, including costs relating to resentencing hearings and LFO refunds. The County entered into an interagency reimbursement agreement with the AOC in October 2021 to access this state funding, which provides a total of \$615,200 of reimbursement funding to cover extraordinary judicial, prosecutorial, or defense-related costs incurred by the County relating to resentencing and vacating sentences of defendants whose convictions are affected by the *Blake* decision, and \$435,524 of LFO reimbursement funding for *Blake*-related LFO refunds paid by the County during the period of February 25, 2021 to June 30, 2022. This funding has been sufficient in reimbursing the costs incurred to-date by the County for the operational costs of processing the vacation of sentences and refunding of LFOs paid by the County on behalf of the State of Washington.

In 2022, the Washington Legislature allocated \$47 million of additional funding to the AOC in support of the *Blake* Decision that will result in an increase in funding provided to counties for their *Blake*-related vacating and LFO refund costs. The County agreed to an amendment of the existing interagency agreement in the summer of 2022, which extended the period of performance until June 30, 2023 and the LFO reimbursement amount to \$866,416. To date through December 31, 2023, the County has reimbursed a total of \$232,264 in LFO refunds, including \$40,597 in 2021, \$141,769 in 2022, and \$49,898 in 2023.

As part of the 2022 legislative session, the Washington Legislature also approved funding for the AOC to establish a centralized bureau to handle LFO refunds directly, which once established relieves counties of LFO refund processing responsibility. AOC’s formation of this centralized LFO refunding bureau was completed in July 2023. In August 2023, the County entered into a

Clallam County
Notes to Financial Statements
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new interagency agreement with the AOC, providing up to \$518,268 of funding to reimburse the County for any judicial, clerk, prosecutorial, and defense functions administrative time and costs incurred in the processing of re-sentencings and vacating of sentences related to the *Blake* decision, with a period of performance ending June 30, 2024.

Based on the Supreme Court’s decision to deny the appeal petition in the CSP class action lawsuit, coupled with the Washington Legislature’s actions in funding a bill to handle *Blake* LFO refunds and directing the AOC to assume responsibility of processing and paying LFO refunds beginning in July 2023, the potential long-term financial impact of the *Blake* decision to the County has diminished significantly. In the near term, based on the level of *Blake*-related costs incurred to date, the assumption by AOC of the responsibility for payment of any future LFO refunds beginning in July 2023, and the remaining funding available under the existing AOC interagency agreement, the County believes these State-provided sources of funding will be sufficient to fund County staff time and costs incurred for *Blake*-related resentencings and vacating of sentences through June 30, 2024. To the extent this is not the case, the County’s management believes the County’s existing reserves should be sufficient to fund any unreimbursed costs the County incurs relating to the *Blake* decision.

NOTE 15 – SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS

During the year ended December 31, 2023, the County adopted guidance for the presentation and disclosure of Subscription Based Information Technology Arrangements (“SBITAs”), as required by the BARS manual. This requirement resulted in the addition of a SBITA liability reported on the Schedule of Liabilities. A summary of the SBITAs paid by the County is provided below.

In April 2022, the County entered a three-year software licensing agreement with a third party vendor for the provision of Microsoft Office 365 user licenses for its employees and certain volunteers and committees which requires annual software subscription license payments of \$205,973 per year. This software license agreement expires in April 2025. Payments under this license totaled \$205,973 in 2023.

The County also subscribes to an online legal case law reference and research software application for use by its Prosecuting Attorney department. Entered in July 2020, this monthly-paid subscription has a three-year term that ended in July 2023, with total payments made of \$22,531 in 2023. The subscription was subsequently renewed in July 2023 for another three-year term through July 2026, with total payments made of \$14,967 in 2023.

The County acquired and deployed a body camera system for use by its law enforcement officers in 2023 under a 5-year installment equipment purchase and software licensing agreement. The software licensing component of this agreement consists of video and audio evidence-capturing software to support the use of the body camera equipment and the processing and retention of recorded evidence captured by such equipment. Entered in July 2023 and ending June 2028, the software license component of this agreement requires annual software subscription-related payments of \$19,440. Payments under this license totaled \$19,440 in 2023. The body camera

Clallam County
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equipment commitments under this agreement are accounted for as an installment purchase and reflected as a lease liability in the County's Schedule of Liabilities (see Note 8).

The County licenses software to operate its election ballot sorter equipment under a 5-year agreement beginning October 2020 and ending in September 2025. The agreement requires annual licensing payments which increase 5% per year, with payments under the agreement totaling \$13,650 in 2023.

The County licenses health inspection management software for use by its Health and Human Services department under a 5-year licensing agreement that commenced in May 2020 and expires in May 2025. Payments under this license totaled \$7,200 in 2023.

The County licenses geographic information system software for use by its IT GIS department under a 3-year licensing agreement that commenced in January 2022 and expires in January 2025. Payments under this license totaled \$40,000 in 2023.

The County licenses secure cloud backup software for use by its IT department under a 3-year licensing agreement that commenced in April 2022 and expires in April 2025. Payments under this license totaled \$37,145 in 2023.

The County licenses AutoCad software for use by its Roads department under an annually renewing licensing agreement that commenced in May 2019 and renewed in May 2023. Payments under this license totaled \$23,303 in 2023.

The County licenses case management software for use by its Superior Court's therapeutic court under a 3-year renewing licensing agreement, with annual 1 year renewals, that commenced in January 2021 and renewed through December 2024. Payments under this license totaled \$4,000 in 2023.

The County licenses security training software for use by its Human Resources department under a 3-year licensing agreement that commenced in April 2021 and expires in July 2024. Payments under this license totaled \$6,034 in 2023.

The County licenses facilities management software for use by its Parks, Fair and Facilities department under an annual licensing agreement that commenced in July 2013 that automatically renews annually unless 30 days notice of termination is provided by the County prior to the renewal date. Payments under this license totaled \$3,421 in 2023.

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In total, the County paid \$397,664 for SBITAs in 2023. As of December 31, 2023, the future payments under these SBITAs, including expected SBITA term extensions as provided for within the SBITA agreements, totaled \$541,460, and are scheduled to be paid as follows:

Year ended December 31	Total
2024	\$ 406,486
2025	72,992
2026	42,542
2027	<u>19,440</u>
TOTAL	<u>\$ 541,460</u>

**Clallam 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						
263.81	Washington State CERB Loan	6/1/2025	141,737	-	46,776	94,961
263.81	Washington State PWB Loan	6/1/2048	8,965,517	-	344,828	8,620,689
263.83	Washington State DOE SRF Standard Loan 00040	6/30/2045	182,726	119,275	-	302,001
Total General Obligation Debt/Liabilities:			9,289,980	119,275	391,604	9,017,651
Revenue and Other (non G.O.) Debt/Liabilities						
263.84	Washington State DOE SRF Forgivable Loan 00040	6/30/2045	83,661	40,316	-	123,977
263.84	Washington State DOE SRF Forgivable Loan 00138	11/7/2023	87,742	12,258	100,000	-
263.84	Working Advance from Department of Social and Health Services	6/30/2024	176,292	-	-	176,292
264.30	Pension Obligations		4,027,002	-	709,371	3,317,631
263.57	SBITA Liabilities		697,958	241,166	397,664	541,460
264.40	OPEB Obligations		3,012,633	151,361	-	3,163,994
259.12	Compensated Absences		3,521,686	25,363	-	3,547,049
263.93	Asset Retirement Obligations		560,606	24,667	-	585,273
263.52	Equipment Installment Purchase Liabilities	6/30/2028	-	113,058	22,612	90,446
263.57	Lease Liabilities		2,647,978	2,575	135,149	2,515,404
263.22	Landfill Post Closure Liability		-	369,389	-	369,389
Total Revenue and Other (non G.O.) Debt/Liabilities:			14,815,558	980,153	1,364,796	14,430,915
Total Liabilities:			24,105,538	1,099,428	1,756,400	23,448,566

**Clallam County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
Child Nutrition Cluster								
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via Office of Superintendent of Public Instruction)	National School Lunch Program	10.555	051219761	34,115	-	34,115	-	1, 2, 4
Total Child Nutrition Cluster:				34,115	-	34,115	-	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA Dept of Health)	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	7WA700WA7	238,098	-	238,098	-	1, 2, 4
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA Dept of Health)	WIC Farmers' Market Nutrition Program (FMNP)	10.572	7WA810WA7	176	-	176	-	1, 2, 4
Forest Service Schools and Roads Cluster								
FOREST SERVICE, AGRICULTURE, DEPARTMENT OF (via Wa State Treasury)	Schools and Roads - Grants to States	10.665	NA	369,252	-	369,252	-	1, 2, 4
FOREST SERVICE, AGRICULTURE, DEPARTMENT OF	Schools and Roads - Grants to States	10.665		-	29,778	29,778	-	1, 2, 4
Total ALN 10.665:				369,252	29,778	399,030	-	
FOREST SERVICE, AGRICULTURE, DEPARTMENT OF	Schools and Roads - Grants to Counties	10.666		-	2,887	2,887	-	1, 2, 4
Total Forest Service Schools and Roads Cluster:				369,252	32,665	401,917	-	

The accompanying notes are an integral part of this schedule.

**Clallam County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION, DEPARTMENT OF COMMERCE, DEPARTMENT OF (via Recreation & Conservation Office)	Pacific Coast Salmon Recovery Pacific Salmon Treaty Program	11.438	NA21NMF4380 457	57,698	-	57,698	-	1, 2, 4
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION, DEPARTMENT OF COMMERCE, DEPARTMENT OF (via WA Dept of Ecology)	Congressionally Identified Awards and Projects	11.469	NA22NMF4690 358	8,738	-	8,738	-	1, 2, 4
U.S. FISH AND WILDLIFE SERVICE, INTERIOR, DEPARTMENT OF THE (via WA Dept of Ecology)	Coastal Wetlands Planning, Protection and Restoration	15.614	F18AP00145	10,375	-	10,375	-	1, 2, 4
U.S. FISH AND WILDLIFE SERVICE, INTERIOR, DEPARTMENT OF THE (via Recreation & Conservation Office)	Partners for Fish and Wildlife	15.631	F21AP02276	1,410	-	1,410	-	1, 2, 4
U.S. FISH AND WILDLIFE SERVICE, INTERIOR, DEPARTMENT OF THE (via Recreation & Conservation Office)	Partners for Fish and Wildlife	15.631	F21AP02276	2,000	-	2,000	-	1, 2, 4, 5
Total ALN 15.631:				3,410	-	3,410	-	

The accompanying notes are an integral part of this schedule.

**Clallam County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
OFFICE ON VIOLENCE AGAINST WOMEN, JUSTICE, DEPARTMENT OF (via WA Dept of Commerce)	Violence Against Women Formula Grants	16.588	15JOVW-21- GG-00548- MUMU	3,852	-	3,852	3,852	1, 2, 4
OFFICE ON VIOLENCE AGAINST WOMEN, JUSTICE, DEPARTMENT OF (via WA Dept of Commerce)	Violence Against Women Formula Grants	16.588	15JOVW-21- GG-00548- MUMU	9,891	-	9,891	1,545	1, 2, 4
OFFICE ON VIOLENCE AGAINST WOMEN, JUSTICE, DEPARTMENT OF (via WA Dept of Commerce)	Violence Against Women Formula Grants	16.588	15JOVW-22- GG-00458- STOP	15,593	-	15,593	-	1, 2, 4
			Total ALN 16.588:	29,336	-	29,336	5,397	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Bulletproof Vest Partnership Program	16.607		-	22,936	22,936	-	1, 2, 4
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via WA Dept of Commerce)	Edward Byrne Memorial Justice Assistance Grant Program	16.738	2020-DJ-BX- 0039 & 15PBJA -21-GG00291- JAGX	187,457	-	187,457	-	1, 2, 4
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WSDOT)	Highway Planning and Construction	20.205	HSIP-000S (555)	2,422	-	2,422	-	1, 2, 4
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WSDOT)	Highway Planning and Construction	20.205	BROS-05AS (001)	18,788	-	18,788	-	1, 2, 4

The accompanying notes are an integral part of this schedule.

**Clallam County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WSDOT)	Highway Planning and Construction	20.205	TAP-2005(090)	11,001	-	11,001	-	1, 2, 4
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WSDOT)	Highway Planning and Construction	20.205	NHPP-7547 (001)	18,718	-	18,718	-	1, 2, 4
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WSDOT)	Highway Planning and Construction	20.205	BHOS-2005 (091)	4,765	-	4,765	-	1, 2, 4
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WSDOT)	Highway Planning and Construction	20.205	BHOS-05AA (001)	6,348	-	6,348	-	1, 2, 4
Total ALN 20.205:				62,042	-	62,042	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WSDOT)	Federal Lands Access Program	20.224	FLAP-9905 (007)	29,053	-	29,053	-	1, 2, 4
Highway Safety Cluster								
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Traffic Safety Commission)	State and Community Highway Safety	20.600	69A375213000 04020WAO	1,790	-	1,790	-	1, 2, 4

The accompanying notes are an integral part of this schedule.

**Clallam County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Traffic Safety Commission)	State and Community Highway Safety	20.600	69A375223000 4020WAO	5,344	-	5,344	-	1, 2, 4
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Traffic Safety Commission)	State and Community Highway Safety	20.600	69A375213000 04020WAO	3,640	-	3,640	-	1, 2, 4
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Traffic Safety Commission)	State and Community Highway Safety	20.600	69A375213000 04020WAO	37,917	-	37,917	-	1, 2, 4
Total Highway Safety Cluster:				48,691	-	48,691	-	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027		-	2,025,385	2,025,385	1,833,239	1, 2, 4
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via WA Health Care Authority)	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	SLFRF0002	27,068	-	27,068	-	1, 2, 4
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via WA Dept of Commerce)	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	SLRFP0002	30,934	-	30,934	-	1, 2, 4
Total ALN 21.027:				58,002	2,025,385	2,083,387	1,833,239	

The accompanying notes are an integral part of this schedule.

**Clallam County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via WA State Public Works Board)	COVID 19 - Coronavirus Capital Projects Fund	21.029	CPFFN0145	14,175	-	14,175	-	1, 2, 4
ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY (via WA Dept of Health)	Geographic Programs - Puget Sound Action Agenda: Technical Investigations and Implementation Assistance Program	66.123	01J18101	143,416	-	143,416	-	1, 2, 4
ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY (via WA Dept of Ecology)	Geographic Programs - Puget Sound Action Agenda: Technical Investigations and Implementation Assistance Program	66.123	01J18101	34,445	-	34,445	-	1, 2, 4
ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY (via WA Dept of Ecology)	National Estuary Program	66.456	CE01J97401	21,742	-	21,742	-	1, 2, 4
ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY (via WA Dept of Ecology)	National Estuary Program	66.456	CE01J97401	60	-	60	-	1, 2, 4
			Total ALN 66.123:	177,861	-	177,861	-	
			Total ALN 66.456:	21,802	-	21,802	-	

The accompanying notes are an integral part of this schedule.

**Clallam County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY (via WA Dept of Health)	Beach Monitoring and Notification Program Implementation Grants	66.472	01J74301	4,756	-	4,756	-	1, 2, 4
ELECTION ASSISTANCE COMMISSION, ELECTION ASSISTANCE COMMISSION (via Office of the Secretary of State)	HAVA Election Security Grants	90.404	EAC1651DB20 20XX-2020- 61000001- 410001- EAC190800000 0	7,234	-	7,234	-	1, 2, 4
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA Dept of Health)	Public Health Emergency Preparedness	93.069	NUJ90TP922043	19,089	-	19,089	-	1, 2, 4
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA Dept of Health)	Public Health Emergency Preparedness	93.069	NUJ90TP922043	5,248	-	5,248	-	1, 2, 4
Total ALN 93.069:				24,337	-	24,337	-	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA Dept of Health)	Injury Prevention and Control Research and State and Community Based Programs	93.136	NU17CE25007	76,185	-	76,185	-	1, 2, 4

The accompanying notes are an integral part of this schedule.

Clallam County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA Dept of Health)	Immunization Cooperative Agreements	93.268	NH23JP922619	1,453	-	1,453	-	1, 2, 4
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA Dept of Health)	COVID 19 - Immunization Cooperative Agreements	93.268	NH23JP922619	40,597	-	40,597	-	1, 2, 4
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA Dept of Health)	COVID 19 - Immunization Cooperative Agreements	93.268	NH23JP922619	42,573	-	42,573	-	1, 2, 3, 4
				Total ALN 93.268:	-	84,623	-	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA Dept of Health)	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	N5OCK000515	2,324	-	2,324	-	1, 2, 4
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA Dept of Health)	COVID 19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	NU50CK00051 5	980	-	980	-	1, 2, 4
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA Dept of Health)	COVID 19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	NU50CK00051 5	96,494	-	96,494	-	1, 2, 4

The accompanying notes are an integral part of this schedule.

**Clallam County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
			Total ALN 93.323:	99,798	-	99,798	-	
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Wa Dept of Social & Health Services)	Child Support Services	93.563	2301 WACSES & 2401 WACSES	204,933	-	204,933	-	1, 2, 4
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Wa Dept of Social & Health Services)	Child Support Services	93.563	2301 WACSES & 2401 WACSES	19,691	-	19,691	-	1, 2, 4
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Wa Dept of Social & Health Services)	Child Support Services	93.563	2301 WACSES & 2401 WACSES	61,222	-	61,222	-	1, 2, 4
			Total ALN 93.563:	285,846	-	285,846	-	
Medicaid Cluster								
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via MMA Health Care Authority)	Medical Assistance Program	93.778	02-68-MMA	1,441	-	1,441	-	1, 2, 4

The accompanying notes are an integral part of this schedule.

Clallam County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA Dept of Health)	Medical Assistance Program	93.778	21-05WA5ADM	89,661	-	89,661	-	1, 2, 4
Total Medicaid Cluster:				91,102	-	91,102	-	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA Health Care Authority)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	B08T1083519	52,661	-	52,661	-	1, 2, 4
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA Health Care Authority)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	B08T1083519	49,381	-	49,381	-	1, 2, 4
Total ALN 93.959:				102,042	-	102,042	-	
HEALTH RESOURCES AND SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA Dept of Health)	Maternal and Child Health Services Block Grant to the States	93.994	B04MC47453	42,190	-	42,190	-	1, 2, 4
U.S. COAST GUARD, HOMELAND SECURITY, DEPARTMENT OF (via WA State Parks & Recreation Comm)	Boating Safety Financial Assistance	97.012	3322FAS22015 3	125,327	-	125,327	-	1, 2, 4

The accompanying notes are an integral part of this schedule.

**Clallam County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
U.S. COAST GUARD, HOMELAND SECURITY, DEPARTMENT OF (via WA State Parks & Recreation Comm)	Boating Safety Financial Assistance	97.012	3322FAS22015 3	12,611	-	12,611	-	1, 2, 4
			Total ALN 97.012:	137,938	-	137,938	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military Dept)	COVID 19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4481-DR -WA	86,541	-	86,541	-	1, 2, 4
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military Dept)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4635-DR -WA	142,836	-	142,836	-	1, 2, 4, 6
			Total ALN 97.036:	229,377	-	229,377	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military Dept)	Emergency Management Performance Grants	97.042	EMS-2022-EP- 00006-S01	43,882	-	43,882	-	1, 2, 4
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military Dept)	Emergency Management Performance Grants	97.042	EMS-2021-EP- 00008-501	30,313	-	30,313	-	1, 2, 4
			Total ALN 97.042:	74,195	-	74,195	-	

The accompanying notes are an integral part of this schedule.

**Clallam County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military Dept)	Homeland Security Grant Program	97.067	EMW-2020-SS- 00080	5,295	-	5,295	-	1, 2, 4
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military Dept)	Homeland Security Grant Program	97.067	EMW-2020-SS- 00083-S01	28,820	-	28,820	-	1, 2, 4
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military Dept)	Homeland Security Grant Program	97.067	EMW-2020-SS- 00056-S01	12,571	-	12,571	-	1, 2, 4
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military Dept)	Homeland Security Grant Program	97.067	EMW-2019-SS- 00044-S01	52,357	-	52,357	-	1, 2, 4
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military Dept)	Homeland Security Grant Program	97.067	EMW-2020-SS- 00080	170,213	-	170,213	-	1, 2, 4
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military Dept)	Homeland Security Grant Program	97.067	EMW-2021-SS- 00083-S01	2,513	-	2,513	-	1, 2, 4

The accompanying notes are an integral part of this schedule.

Clallam County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military Dept)	Homeland Security Grant Program	97.067	EMW-2022-SS- 00056-S01	38,000	-	38,000	-	1, 2, 4
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military Dept)	Homeland Security Grant Program	97.067	EMW-2020-SS- 00080	110,900	-	110,900	-	1, 2, 4
Total ALN 97.067:				420,669	-	420,669	-	
Total Federal Awards Expended:				3,030,573	2,080,986	5,111,559	1,838,636	

The accompanying notes are an integral part of this schedule.

CLALLAM COUNTY, WA

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

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 – Federal Indirect Cost Rate

The County has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. The amount expended includes indirect cost recovery using an approved indirect cost rate from 10-34.53% percent of direct salaries as negotiated by the grants and limited number of grants that do not allow for indirect rates.

Note 3 – Noncash Awards

The amount of vaccine reported on the Schedule is the value of vaccine received by the County during current year and priced as prescribed by Washington State Department of Health.

Note 4 – Program Costs

The amounts shown as current year expenditures represent only the federal award portion of the program costs. Entire program costs, including the County portion, are more than shown. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 5 – 2022 Reclassification

The amount of \$2,000 for 15.631 FAIN F21AP02276 was previously reported in 2022 as state grant funding. The County became aware of the funding source reclassification by granting agency in October 2023. The County is reporting these expenditures in our 2023 SEFA.

Note 6 – FEMA Expenditures from 2021

FEMA expenditures are reported on the SEFA after the PW have been approved. PWs approved and reported on the 2023 SEFA are for expenditures from the prior year as listed below.

- a. Disaster# 4635-DR-WA Package #209 PW# 224– Approved 8/3/2023 – \$90,394.70 – Expenditures during Nov/Dec 2021
- b. Disaster# 4635-DR-WA Package #180 PW #209 – Approved 5/4/2023 – \$52,441.50 - Expenditures during Nov/Dec 2021



**Board of Clallam
County Commissioners**

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

Clallam County

January 1, 2023 through December 31, 2023

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

Finding ref number: 2023-001	Finding caption: The County did not have adequate internal controls for ensuring compliance with federal suspension and debarment requirements.
Name, address, and telephone of County contact person: Mark Lane, CFO 223 E. 4th Street Port Angeles, WA 98362-3015 (360) 417-2383	
Corrective action the auditee plans to take in response to the finding: <i>The County in its administration of its Coronavirus State and Local Fiscal Recovery Funds has historically complied with the federal suspension and debarment requirements principally through (1) ensuring each of its direct award and subrecipient contracts contain a clause or condition in the award contracts that states the contractor or subrecipient is not suspended or debarred, (2) requesting a certification to that effect, or (3) checking the SAM system to insure the contractor was not debarred or suspended. In this situation, the County procured IT equipment needed to improve the County’s capability to conduct virtual meetings from a vendor under a “piggy-back” agreement under which debarment and suspension verification had been completed by another state agency. This vendor was also well known to the County as it had previously been utilized in procuring equipment with funding under the CARES Act. Staff managing this vendor relationship were unaware that reliance on prior debarment and suspension verification performed by another agency was not appropriate. In addition, due to significant turnover occurring in our SLFRF grant administration team occurring in late 2022</i>	

and early 2023, the single invoice triggering this finding--while properly documented with appropriate supporting documentation and approvals from staff managing the vendor relationship--was not reviewed by the SLFRF grant administration team to insure it was properly accompanied by a documented verification of debarment/suspension prior to its payment. As noted by the SAO in its audit finding, the vendor in question was not debarred or suspended from receiving federal monies, and no questioning of costs is involved.

While the County has spent almost all of its SLFRF funds to-date under agreements containing certification language addressing debarment or suspension where required, the County recognizes that in this single situation involving the procurement of goods totaling \$31,239 that its internal controls did not function properly to detect that proper debarment or suspension verification had occurred. We view this very much as an isolated incident, particularly given that over \$9.8 million of the \$15.02 million of SLFRF direct funds awarded to the County have been expended by the County through the end of 2023 in accordance with federal guidance and requirements regarding these funds under a program whose guidance rules have been subject to constant change since the American Rescue Plan Act was first signed.

Regardless of the isolated nature of this incident, the County's management remains committed to insure this situation does not reoccur going forward, and as a result has or will be implementing the following corrective actions:

- To the very limited extent disbarment/suspension language does not appear in contracts for goods or services being funding through County SLFRF funds, expenditures for all projects involving purchases of goods and services will first have to be approved and reviewed by the County's SLFRF grant administration staff who will verify disbarment/suspension status prior to the entering into contracts or the disbursement of SLFRF funds.*
- In the cases of piggy-back agreements, SLFRF grant administration staff will verify disbarment/suspension requirements have been met prior to payments for goods or services being approved that are funded with SLFRF funds; and*
- Appropriate messaging has been and will continue to be communicated to all SLFRF-funded project owners and staff, reiterating requirements that all federal procurement policies must be adhered to for all County purchases of goods and services involving SLFRF funds, including that debarment and suspension verification has been completed and documented, and that such documentation must be forwarded to SLFRF grant administration staff before any disbursements of SLFRF funds will be made.*

We thank the SAO staff for identifying this issue and bringing it to our attention.

Anticipated date to complete the corrective action:

While many aspects of this corrective action plan were put into place in early 2024 as the County expanded its use of SLFRF funds to fund certain capital, goods and services outlays identified in the County's 2024 adopted budget, we expect to have all of these corrective actions fully in place by the end of September 2024.

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