



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Clallam County

For the period January 1, 2017 through December 31, 2017

Published September 24, 2018

Report No. 1022190





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

September 24, 2018

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 condition.

Sincerely,

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

Pat McCarthy
State Auditor
Olympia, WA

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Clallam County January 1, 2017 through December 31, 2017

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 no deficiencies that we consider to be material weaknesses.

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

We reported no findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs:

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

<u>CFDA No.</u>	<u>Program or Cluster Title</u>
20.205	Highway Planning and Construction Cluster – Highway Planning and Construction
66.123	Puget Sound Action Agenda: Technical Investigations and Implementation Assistance Program

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

None reported.



Clallam County Auditor's Office

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Clallam County January 1, 2017 through December 31, 2017

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

Audit Period: 1/1/2016 – 12/31/2016	Report Ref. No.: 1019987	Finding Ref. No.: 2016-001
Finding Caption: The County did not have adequate controls in place to ensure accurate reporting of fiduciary funds.		
Background: Our audit identified material misstatements on the Statement of Fiduciary Fund Resources and Uses Arising from Cash Transactions. Staff responsible for financial statement preparation were unaware that cash balances and activity in all County-held bank accounts, including balances and activity on behalf of outside parties, must be reported on the financial statements, with the exception of clearing accounts and special purpose districts. The County did not have a system in place to ensure the balances and activity of accounts held outside the County Treasurer's office were identified and reported on the financial statements.		
Status of Corrective Action: (check one) ☒ Fully Corrected ☐ Partially Corrected ☐ Not Corrected ☐ Finding is considered no longer valid		
Corrective Action Taken: <i>Activity from the accounts held outside the treasurer office has been gathered and reflected in the county reports for the year ended 12/31/2017.</i>		

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

**Clallam County
January 1, 2017 through December 31, 2017**

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, 2017, and the related notes to the financial statements, which collectively comprise the County’s financial statements, and have issued our report thereon dated September 14, 2018.

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 Washington State statutes 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.

As discussed in Note 1 to the financial statements, during the year ended December 31, 2017, the County adopted new accounting guidance for presentation and disclosure of amounts collected and held for special purpose districts in fiduciary funds, as required by the BARS manual.

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) to determine the 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 in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 the County's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

PURPOSE OF THIS REPORT

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

this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

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

Pat McCarthy

State Auditor

Olympia, WA

September 14, 2018

**INDEPENDENT AUDITOR'S 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, 2017 through December 31, 2017

Board of Commissioners
Clallam County
Port Angeles, Washington

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM**

We have audited the compliance of Clallam County, with the types of compliance requirements described 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, 2017. The County's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements

referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the County's compliance.

Opinion on Each Major Federal Program

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, 2017.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *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 consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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

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

Pat McCarthy
State Auditor
Olympia, WA

September 14, 2018

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Clallam County January 1, 2017 through December 31, 2017

Board of Commissioners
Clallam County
Port Angeles, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Clallam County, for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's financial statements, as listed on page 17.

Management's Responsibility 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 Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether

due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Unmodified Opinion on Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, Clallam County has prepared these financial statements to meet the financial reporting requirements of Washington State statutes using 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 financial statements referred to above present fairly, in all material respects, the financial position and results of operations of Clallam County, for the year ended December 31, 2017, on the basis of accounting described in Note 1.

Basis for 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. The effects on the financial statements of the variances between GAAP and the accounting practices the County used, as described in Note 1, although not reasonably determinable, are presumed to be material. As a result, we are required to issue an adverse opinion on whether the financial statements are presented fairly, in all material respects, in accordance with GAAP.

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, 2017, or the changes in

financial position or cash flows for the year then ended, due to the significance of the matter discussed in the above “Basis for Adverse Opinion on U.S. GAAP” paragraph.

Matters of Emphasis

As discussed in Note 1 to the financial statements, in 2017, the County adopted new accounting guidance for presentation and disclosure of amounts collected and held for special purpose districts in fiduciary funds, as required by the BARS manual. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The 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 presented for purposes of additional analysis, as required by the prescribed BARS manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2018 on our consideration of the County’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 cursive script that reads "Pat McCarthy".

Pat McCarthy

State Auditor

Olympia, WA

September 14, 2018

FINANCIAL SECTION

Clallam County January 1, 2017 through December 31, 2017

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2017
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2017
Notes to Financial Statements – 2017

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2017
Schedule of Expenditures of Federal Awards – 2017
Notes to the Schedule of Expenditures of Federal Awards – 2017

Clallam County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

		Total for All Funds (Memo Only)	001 General	101 Roads	110 OPSCAN Operations
Beginning Cash and Investments					
30810	Reserved	1,500,000	1,500,000	-	-
30880	Unreserved	50,289,131	9,832,757	17,626,830	563,987
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	32,213,587	17,368,553	7,552,282	678,525
320	Licenses and Permits	946,374	900,132	45,292	-
330	Intergovernmental Revenues	13,295,480	5,894,439	5,000,864	443,497
340	Charges for Goods and Services	15,526,613	8,782,614	72,412	400,866
350	Fines and Penalties	1,082,499	1,074,032	-	8,042
360	Miscellaneous Revenues	3,418,106	2,017,151	196,152	51,336
Total Revenues:		66,482,659	36,036,921	12,867,002	1,582,266
Expenditures					
510	General Government	16,742,039	14,628,247	47,937	-
520	Public Safety	17,474,143	13,494,689	800,000	1,261,119
530	Utilities	488,377	239	-	-
540	Transportation	13,777,287	-	11,481,380	-
550	Natural and Economic Environment	4,509,391	3,255,963	79,320	-
560	Social Services	5,421,189	1,747,399	-	-
570	Culture and Recreation	2,775,487	2,755,993	-	-
Total Expenditures:		61,187,913	35,882,530	12,408,637	1,261,119
Excess (Deficiency) Revenues over Expenditures:		5,294,746	154,391	458,365	321,147
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	5,121,908	-	-	-
397	Transfers-In	7,647,975	45,000	1,500,000	42,996
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	70,325	65,890	20	-
381, 395, 398	Other Resources	2,064,889	944,456	996,538	-
Total Other Increases in Fund Resources:		14,905,097	1,055,346	2,496,558	42,996
Other Decreases in Fund Resources					
594-595	Capital Expenditures	16,861,027	356,425	5,245,692	111,808
591-593, 599	Debt Service	50,012	-	-	-
597	Transfers-Out	7,699,054	522,627	920	42,996
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	330	-	19	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		24,610,423	879,052	5,246,631	154,804
Increase (Decrease) in Cash and Investments:		(4,410,580)	330,685	(2,291,708)	209,339
Ending Cash and Investments					
5081000	Reserved	1,000,000	1,000,000	-	-
5088000	Unreserved	46,378,551	10,663,442	15,335,122	773,326
Total Ending Cash and Investments		47,378,551	11,663,442	15,335,122	773,326

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, 2017

		113 Health & Human Services	114 Law Library	117 Crime Victim	119 Racketeering
Beginning Cash and Investments					
30810	Reserved	-	-	-	-
30880	Unreserved	3,440,781	29,495	163,699	1,761
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	1,448,612	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	1,698,565	-	76,280	-
340	Charges for Goods and Services	590,013	29,474	29,390	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	2,553	23	-	15
Total Revenues:		3,739,743	29,497	105,670	15
Expenditures					
510	General Government	-	-	133,909	1
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	3,575,795	-	-	-
570	Culture and Recreation	-	19,494	-	-
Total Expenditures:		3,575,795	19,494	133,909	1
Excess (Deficiency) Revenues over Expenditures:		163,948	10,003	(28,239)	14
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	103,200	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	4,065	-
381, 395, 398	Other Resources	17,810	-	-	-
Total Other Increases in Fund Resources:		121,010	-	4,065	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	-	-	-
Increase (Decrease) in Cash and Investments:		284,958	10,003	(24,174)	14
Ending Cash and Investments					
5081000	Reserved	-	-	-	-
5088000	Unreserved	3,725,739	39,498	139,525	1,775
Total Ending Cash and Investments		3,725,739	39,498	139,525	1,775

Clallam County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

		121 Shoreline Block Grant	122 Land Assessment	124 Document Preservation	129 Dispute Resolution Center
Beginning Cash and Investments					
30810	Reserved	-	-	-	-
30880	Unreserved	1	336,934	484,083	2,550
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	-	9,336	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	12,904	61,174	-
340	Charges for Goods and Services	-	76,095	41,447	18,266
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	1,481	-	-
Total Revenues:		-	99,816	102,621	18,266
Expenditures					
510	General Government	-	122,745	69,368	19,540
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	1	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		1	122,745	69,368	19,540
Excess (Deficiency) Revenues over Expenditures:		(1)	(22,929)	33,253	(1,274)
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	855	-	-
Total Other Increases in Fund Resources:		-	855	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	5,892	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	-	5,892	-
Increase (Decrease) in Cash and Investments:		(1)	(22,074)	27,361	(1,274)
Ending Cash and Investments					
5081000	Reserved	-	-	-	-
5088000	Unreserved	-	314,860	511,444	1,276
Total Ending Cash and Investments		-	314,860	511,444	1,276

Clallam County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

		130 Noxious Weed Control	135 Probation DC I	199 Opportunity Fund	254 RID #142
Beginning Cash and Investments					
30810	Reserved	-	-	-	-
30880	Unreserved	282,642	116,331	3,613,969	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	-	-	3,269,251	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	48,926	-	37,523	-
340	Charges for Goods and Services	72,118	173,718	-	-
350	Fines and Penalties	-	-	-	51
360	Miscellaneous Revenues	107,648	1,045	49,670	721
Total Revenues:		228,692	174,763	3,356,444	772
Expenditures					
510	General Government	-	179,679	-	-
520	Public Safety	-	-	1,918,335	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	178,821	-	995,286	-
560	Social Services	-	-	97,995	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		178,821	179,679	3,011,616	-
Excess (Deficiency) Revenues over Expenditures:		49,871	(4,916)	344,828	772
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	5,121,908	-
397	Transfers-In	-	-	95,124	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	8,014	-
Total Other Increases in Fund Resources:		-	-	5,225,046	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	48,193	-
597	Transfers-Out	-	-	5,266,908	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	-	5,315,101	-
Increase (Decrease) in Cash and Investments:		49,871	(4,916)	254,773	772
Ending Cash and Investments					
5081000	Reserved	-	-	-	-
5088000	Unreserved	332,513	111,415	3,868,742	772
Total Ending Cash and Investments		332,513	111,415	3,868,742	772

Clallam County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

		256 RID #141	259 Lake Dawn Management	274 RID #149	295 LID 2007-1
Beginning Cash and Investments					
30810	Reserved	-	-	-	-
30880	Unreserved	1,245	-	574	17,128
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	53	14	307	-
360	Miscellaneous Revenues	1,114	120	2,231	7,406
Total Revenues:		1,167	134	2,538	7,406
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	-	-
Excess (Deficiency) Revenues over Expenditures:		1,167	134	2,538	7,406
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	1,245	-	574	-
597	Transfers-Out	-	-	-	14,124
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		1,245	-	574	14,124
Increase (Decrease) in Cash and Investments:		(78)	134	1,964	(6,718)
Ending Cash and Investments					
5081000	Reserved	-	-	-	-
5088000	Unreserved	1,167	134	2,538	10,410
Total Ending Cash and Investments		1,167	134	2,538	10,410

Clallam County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

		301 REET	302 REET 2	305 Capital Projects	307 Capital Projects IT
Beginning Cash and Investments					
30810	Reserved	-	-	-	-
30880	Unreserved	1,345,485	2,446,311	2,064,688	250,873
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	943,543	943,485	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	18	-	38,632	4,534
Total Revenues:		943,561	943,485	38,632	4,534
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	-	-
Excess (Deficiency) Revenues over Expenditures:		943,561	943,485	38,632	4,534
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	262,550
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	262,550
Other Decreases in Fund Resources					
594-595	Capital Expenditures	802,177	442,278	852,892	239,917
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	1,650,000	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		802,177	2,092,278	852,892	239,917
Increase (Decrease) in Cash and Investments:		141,384	(1,148,793)	(814,260)	27,167
Ending Cash and Investments					
5081000	Reserved	-	-	-	-
5088000	Unreserved	1,486,869	1,297,518	1,250,428	278,040
Total Ending Cash and Investments		1,486,869	1,297,518	1,250,428	278,040

Clallam County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

		308 Carlsborg Sewer Project	402 Solid Waste	414 Clallam Bay Sewer	415 Clallam Bay Sewer Capital Replacement
Beginning Cash and Investments					
30810	Reserved	-	-	-	-
30880	Unreserved	2,994,206	18,624	83,324	274,016
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	21,308	-	-
340	Charges for Goods and Services	-	18,326	294,602	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	115,141	64	11,699	3,224
Total Revenues:		115,141	39,698	306,301	3,224
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	56,524	400,491	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	56,524	400,491	-
Excess (Deficiency) Revenues over Expenditures:		115,141	(16,826)	(94,190)	3,224
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	5,121,908	-	210,000	100,000
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		5,121,908	-	210,000	100,000
Other Decreases in Fund Resources					
594-595	Capital Expenditures	7,740,019	-	1,491	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	150,000	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		7,890,019	-	1,491	-
Increase (Decrease) in Cash and Investments:		(2,652,970)	(16,826)	114,319	103,224
Ending Cash and Investments					
5081000	Reserved	-	-	-	-
5088000	Unreserved	341,236	1,798	197,643	377,240
Total Ending Cash and Investments		341,236	1,798	197,643	377,240

Clallam County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

		424 Carlsborg Sewer	425 Carlsborg Sewer Capital Replacement	503 ER & R	504 Risk Management
Beginning Cash and Investments					
30810	Reserved	-	-	-	-
30880	Unreserved	-	18,250	2,364,732	720,265
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	950	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	19,525	-	3,024,589	1,498,574
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	42,250	758,713	5,165
Total Revenues:		20,475	42,250	3,783,302	1,503,739
Expenditures					
510	General Government	-	-	-	1,130,131
520	Public Safety	-	-	-	-
530	Utilities	31,123	-	-	-
540	Transportation	-	-	2,295,907	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		31,123	-	2,295,907	1,130,131
Excess (Deficiency) Revenues over Expenditures:		(10,648)	42,250	1,487,395	373,608
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	150,000	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	350	-
381, 395, 398	Other Resources	-	-	97,216	-
Total Other Increases in Fund Resources:		150,000	-	97,566	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	12,156	-	1,036,219	14,061
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	400	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	311	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		12,156	-	1,036,930	14,061
Increase (Decrease) in Cash and Investments:		127,196	42,250	548,031	359,547
Ending Cash and Investments					
5081000	Reserved	-	-	-	-
5088000	Unreserved	127,196	60,500	2,912,763	1,079,812
Total Ending Cash and Investments		127,196	60,500	2,912,763	1,079,812

Clallam County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

		505 Workers' Compensation	506 Employee Health Care Benefit	507 Unemployment Compensation
Beginning Cash and Investments				
30810	Reserved	-	-	-
30880	Unreserved	938,763	30,000	224,827
388 / 588	Prior Period Adjustments, Net	-	-	-
Revenues				
310	Taxes	-	-	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	-	-	-
340	Charges for Goods and Services	361,830	-	22,754
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	-	-	-
Total Revenues:		361,830	-	22,754
Expenditures				
510	General Government	338,186	17,197	55,099
520	Public Safety	-	-	-
530	Utilities	-	-	-
540	Transportation	-	-	-
550	Natural and Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
Total Expenditures:		338,186	17,197	55,099
Excess (Deficiency) Revenues over Expenditures:		23,644	(17,197)	(32,345)
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	-	17,197	-
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	-	-	-
381, 395, 398	Other Resources	-	-	-
Total Other Increases in Fund Resources:		-	17,197	-
Other Decreases in Fund Resources				
594-595	Capital Expenditures	-	-	-
591-593, 599	Debt Service	-	-	-
597	Transfers-Out	51,079	-	-
585	Special or Extraordinary Items	-	-	-
586 / 589	Custodial Activities	-	-	-
581	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		51,079	-	-
Increase (Decrease) in Cash and Investments:		(27,435)	-	(32,345)
Ending Cash and Investments				
5081000	Reserved	-	-	-
5088000	Unreserved	911,328	30,000	192,482
Total Ending Cash and Investments		911,328	30,000	192,482

Clallam County
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

		Total for All Funds (Memo Only)	Private-Purpose Trust	Agency
308	Beginning Cash and Investments	55,687,350	2,546,428	53,140,922
388 & 588	Prior Period Adjustment, Net	-	-	-
310-390	Additions	226,698,550	52,932	226,645,618
510-590	Deductions	222,657,246	-	222,657,246
	Net Increase (Decrease) in Cash and Investments:	4,041,304	52,932	3,988,372
508	Ending Cash and Investments	59,728,654	2,599,360	57,129,294

The accompanying notes are an integral part of this statement.

Clallam County
Notes to Financial Statements
For the Year Ended December 31, 2017

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 Marshall, 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 are not presented using the classifications defined in 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. The following fund types are used:

Governmental Fund Types

General Fund

This is the County's general operating fund; accounting for all financial resources and transactions except those required to be accounted for in another fund.

Special Revenue Funds

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

Clallam County
Notes to Financial Statements
For the Year Ended December 31, 2017

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 and funds of the County on a cost reimbursement basis.

Fiduciary Fund Types

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

Washington State law requires counties to act as fiscal agents on behalf of special purpose districts. The resources collected and held for these districts in custodial capacity were previously omitted from county financial statements but starting in 2017 this information is required to be presented. This resulted in the addition of approximately \$46 million in custodial deposits reported in the statement of Fiduciary Fund Resources and Uses Arising from Cash Transactions at December 31, 2017. In addition, these amounts are now required to be presented by fund type rather than by individual fund.

Private-Purpose Trust Funds

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

Agency Funds

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

Clallam County
Notes to Financial Statements
For the Year Ended December 31, 2017

B. Basis of Accounting

Basis of Accounting determines when revenues and expenditures are recognized in the accounts and reported in the financial statements. Revenues are recognized only when cash is received and expenditures are recognized when cash is 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. Budgets and Budgetary Accounting

1. Annual appropriated budgets are adopted for approximately 60 governmental funds on cash basis of accounting with no significant differences between the budgetary basis and the accounting 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.

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 163 times during 2017.

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

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
GENERAL FUND			
ASSESSOR	1,582,475	1,522,987	59,488
AUDITOR	1,239,643	1,147,241	92,402
TREASURER	832,038	782,857	49,181
BOCC OPERATIONS	705,382	656,141	49,241
BOUNDARY REVIEW BOARD	150	150	-
PORT CRESCENT CEMETARY	3,000	239	2,761
BOARD OF EQUALIZATION	67,376	51,137	16,239
NON-DEPARTMENTAL	1,547,531	1,411,923	135,608
OPERATING TRANSFERS OUT	534,750	522,627	12,123
DCD ADMINISTRATION	407,101	353,335	53,766
DCD ENVIRONMENTAL QUALITY	215,856	172,886	42,970

Clallam County
Notes to Financial Statements
For the Year Ended December 31, 2017

DCD PERMIT CENTER	937,680	919,474	18,206
DCD PLANNING	2,500,604	1,487,349	1,013,255
HEARING EXAMINER	63,400	63,255	145
INFORMATION TECHNOLOGY	1,759,540	1,612,725	146,815
HUMAN RESOURCEAS	617,020	520,031	96,989
ENVIRONMENTAL HEALTH	1,076,228	977,572	98,656
HHS ADMINISTRATION	634,152	586,525	47,627
SHERIFF OPERATIONS	6,393,574	6,253,704	139,870
SHERIFF COMMUNITY PROJECTS	117,670	104,131	13,539
ANIMAL CONTROL	201,439	190,190	11,249
SEARCH & RESCUE	18,150	15,996	2,154
JAIL	3,827,116	3,738,754	88,362
JAIL MEDICAL	655,108	627,993	27,115
EMERGENCY SERVICES	312,113	279,816	32,297
INDIGENT DEFENSE	1,272,968	1,270,177	2,791
PROSECUTING ATTORNEY	2,597,082	2,286,340	310,742
CHILD SUPPORT	273,138	262,044	11,094
CORONER	151,800	85,069	66,731
JUVENILE SERVICES	3,138,974	2,770,924	368,050
SUPERIOR COURT	1,671,778	1,440,344	231,434
DISTRICT COURT I	763,539	714,169	49,370
DISTRICT COURT II	350,741	331,250	19,491
CLERK	871,851	828,012	43,839
PARKS AND FACILITIES	2,221,930	2,172,715	49,215
FAIR	395,349	380,426	14,924
WSU EXTENSION	305,844	209,877	95,967
FLOOD CONTROL	11,578	11,198	380
TOTAL GENERAL FUND	40,275,668	36,761,582	3,514,086
ROADS	24,091,844	17,655,269	6,436,575
SHERIFF'S HONOR GUARD DONATION	4,009	-	4,009
RECREATIONAL AND BOATING FUND	112,509	100,822	11,687
VRF BOATING PROGRAM	40,401	8,982	31,419
SHERIFF OFFICE DRUG FUND	25,362	18,079	7,283
SHERIFF OPNET DRUG FUND	224,407	186,809	37,598
NINE-ONE-ONE ENHANCED	757,485	638,572	118,913
OPSCAN OPERATIONS	433,384	223,088	210,296
SHERIFF STONEGARDEN GRANT	395,609	236,151	159,458
24/7 SOBRIETY PROGRAM	13,290	3,422	9,868
HEALTH & HUMAN SERVICES	1,076,181	913,800	162,381
HOMELESS TASK FORCE	443,275	386,487	56,788
CHEMICAL DEPENDENCY	1,323,129	967,926	355,203
AFFORDABLE HOUSING	140,000	91,816	48,184
DEVELOPMENTAL DISABILITIES	1,221,935	1,215,766	6,169
LAW LIBRARY	27,378	19,494	7,884
CRIME VICTIM COMP/LOCAL	155,471	133,910	21,561
RACKETEERING FUND	5	1	4
SHORELINE BLOCK GRANT	1	1	-
TREASURER'S O & M	105,806	77,461	28,345
REET ELECTRONIC TECHNOLOGY	39,394	32,781	6,613
LAND ASSESSMENT	15,000	12,503	2,497
DOCUMENT PRESERVATION	125,026	75,259	49,767
DISPUTE RESOLUTION CENTER	15,135	11,020	4,115
COURTHOUSE FACILITATOR	8,520	8,520	-
NOXIOUS WEED CONTROL	202,052	162,731	39,321

Clallam County
Notes to Financial Statements
For the Year Ended December 31, 2017

LMD#2 LAKE SUTHERLAND	16,336	16,089	247
PROBATION DISTRICT COURT I	224,085	179,679	44,406
TRIAL COURT IMPROVEMENTS	30,000	30,000	-
VETERANS' RELIEF	150,604	97,997	52,607
FEDERAL FOREST REPLACEMENT	30,001	1	30,000
HOTEL/MOTEL TAX	866,420	747,001	119,419
OPPORTUNITY FUND	6,478,756	6,434,587	44,169
EMERGENCY COMMUNICATIONS TAX	1,334,000	1,017,136	316,864
R I D #142 BUSINESS PARK LOOP	418	-	418
R I D #141 SCHOOL HOUSE ROAD	1,245	1,245	0
LAKE DAWN MANAGEMENT	136	-	136
R I D #149 OSBORN ROAD	2,028	574	1,454
LID 3RD STREET SEWER LINE	14,124	14,124	-
REAL ESTATE EXCISE TAX PROJECT	1,575,000	802,178	772,822
REAL ESTATE EXCISE TAX 2	2,640,000	2,092,278	547,722
CAPITAL PROJECTS	1,485,805	852,892	632,913
CAPITAL PROJECTS INFO TECH	410,342	239,917	170,425
CAPITAL PROJECTS CARLSBORG SEWER	8,266,957	7,890,019	376,938
SOLID WASTE	59,991	56,525	3,466
CLALLAM BAY-SEKIU SEWER	451,338	401,983	49,355
CARLSBORG SEWER	55,345	43,280	12,065
EQUIPMENT RENTAL & REVOLVING	4,443,928	3,332,839	1,111,089
RISK MANAGEMENT	1,664,863	1,144,191	520,672
WORKERS' COMPENSATION CLAIMS	747,766	389,265	358,501
EMPLOYEE HEALTH CARE BENEFIT	36,925	17,197	19,728
UNEMPLOYMENT COMPENSATION	70,000	55,099	14,901
TOTAL COUNTY	62,053,021	49,036,766	13,016,255

D. Deposits and Investments - See Note 2.

E. Capital Assets

Assets with anticipated useful lives in excess of one year and with a purchase price of \$5,000 or more are deemed capital assets. Under cash basis of accounting they are recorded as expenditures when purchased.

F. Compensated Absences

Employees may accumulate vacation leave 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. Sick leave may accumulate without limit and is payable generally up to 25% on retirement or other separation. Payouts are calculated at wage rates at the date of termination. Payments are recognized as expenditures when paid.

G. Long-Term Debt - See Notes 5 and 6.

Clallam County
Notes to Financial Statements
For the Year Ended December 31, 2017

H. Other Financing Sources and Uses

The County's Other Financing Sources consist of transfers-in and sales of County owned timber. Other Financing Uses consist of transfers out.

I. Risk Management - See Note 7.

J. Reserved Portion of Ending Cash and Investments

At December 31, 2017, the Clallam County Board of Commissioners had reserved part of the general fund's ending fund balance as follows:

Insurance Deductible	500,000
Unemployment/Separation	500,000
Total	\$1,000,000

The 2018 general fund budget as originally approved in December 2017 included a deficit of \$578,544.

In addition the Developmental Disabilities fund had a restriction in its fund balances of \$98,842 for advances from the Washington State Department of Health and Human Services.

NOTE 2 - 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 are stated at original cost, with no material difference between cost and fair value.

Clallam County
Notes to Financial Statements
For the Year Ended December 31, 2017

As of December 31, 2017 the County had the following investments:

	Fair value of County investments	Fair value of investments held by County as agent	Total
Demand Deposits	\$ 3,355,370	\$ 5,872,545	\$ 9,227,915
Time Deposits	34,741,584	7,285,337	42,026,921
US Government Securities	-	-	-
State Investment Pool	<u>13,474,935</u>	<u>44,240,810</u>	<u>57,715,745</u>
Total	<u>\$ 51,571,889</u>	<u>\$ 57,398,692</u>	<u>\$ 108,970,581</u>

NOTE 3 - 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 attaches to the property after taxes are levied.

The County's regular tax levy rate for 2017 was \$1.325517253 per \$1,000 on a total assessed valuation of \$7,697,314,552 for a regular levy total of \$10,202,923. The total 2017 levy rate of \$1.362967253 was comprised of four funds: General at \$1.325517253; Veterans' Relief at \$.01125; Land Assessment at \$.00120; and Developmental Disabilities at \$.02500.

NOTE 4 - INTERTERFUND 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."

Clallam County
Notes to Financial Statements
For the Year Ended December 31, 2017

- C. At December 31, 2016 there was a loan payable balance outstanding payable by the Road Improvement funds as a group to the Roads fund in the total of \$8,461. There were no new loans on this balance in 2017, and after payments of \$2,094 the balance at December 31, 2016 was \$6,367.

NOTE 5 - LONG-TERM DEBT

A. Long-Term Debt

In 2004 the 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, 2017 the principal outstanding on this loan payable was \$368,761 due in annual payments of \$48,193.54 through 2025. Total payments of interest and principal will be \$240,968 for the five year period ending in 2022 and \$144,581 for the three year period ending in 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.

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. The payments of principal and accrued interest at .25% will be due annually through June 1, 2048. As of 12/31/2017 the County had received advances for the full amount of the loan all of which is outstanding at 12/31/2017.

The Clallam County Board of Commissioners has resolved to repay both of these loans out of the County's Opportunity Fund which receives most of its revenue under RCW 82.14.370. If this revenue stream is not sufficient to meet the payment requirements of these loans, 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.

- B. 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 an amount of 20% of accrued sick time to approximate the value of sick time accrued for purposes of liability disclosure as of December 31, 2017. Liability is

Clallam County
Notes to Financial Statements
For the Year Ended December 31, 2017

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, 2017 was \$2,667,514 which was an increase of \$172,682 from the end of 2016.

NOTE 6 - PENSION PLANS

Substantially all Clallam County full-time and qualifying part-time employees participate in statewide local government 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 systems.

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

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

Department of Retirement Systems
Communications Unit
Post Office Box 48380
Olympia, WA 98504-8380

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

At June 30, 2017 the County's proportionate share of the collective net pension liabilities as reported on Schedule 09 was as follows:

	Allocation %	Liability (Asset)
PERS 1	0.17%	7,851,870
PERS 2/3	0.18%	6,095,806
PSERS 2	0.47%	92,156
LEOFF 1	0.02%	(261,371)
LEOFF 2	0.09%	(1,261,606)

Clallam County
Notes to Financial Statements
For the Year Ended December 31, 2017

LEOFF 1

The County participates in LEOFF 1 which is fully funded and no employer or employee contributions have been required since June 2000. If the plan becomes underfunded, funding the remaining liability will require new legislation.

LEOFF 2

The County also participates in the LEOFF 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 7 - 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, 2017, 26 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 and claims administration. Members enjoy occurrence-based, jointly purchased and/or jointly self-insured liability coverage for bodily injury, personal injury, property damage, errors and omissions, and advertising injury caused by a covered occurrence during an eligible period and occurring anywhere in the world. Total coverage limits are \$25 million per occurrence and each member selects its occurrence deductible amount for the ensuing coverage year from these options: \$10,000, \$25,000, \$50,000, \$100,000, \$250,000 or \$500,000. For losses occurring in 2017, Clallam County selects a per-occurrence deductible of \$100,000.

Members make an annual contribution to fund the Pool. The Pool acquires reinsurance for further protection from larger losses, direct protection for the Pool and indirect for the member counties due to the contingent liabilities they would otherwise incur from risk-sharing those losses. The reinsurance agreements are written with self-insured retentions ("SIRs") equal to the greater of the deductible for the member with the claim or \$100,000. More recent years' reinsurance programs have included "corridor deductibles" with aggregated stop losses which

Clallam County
Notes to Financial Statements
For the Year Ended December 31, 2017

have the effect of increasing the Pool's SIR. For 2016-17, the "corridor" increased the SIR to \$2 million, with an aggregated stop loss of \$4.35 million. Other reinsurance agreements respond up to the applicable policy limits. Those reinsurance agreements contain aggregate limits for the maximum annual reimbursements to the Pool of \$40 million (lowest reinsured layer), \$20 million, (second layer), \$30 million (third layer) and \$50 million (final reinsured layer). Since the Pool is a cooperative program, there is a joint liability among the participating members. 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 six 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 2016-17, Clallam County was also one of twenty-six (26) 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.

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.

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 reviews the Pool's financial health, b) approve case settlements exceeding the applicable member's deductible by at least \$50,000, c) review all claims with

Clallam County
Notes to Financial Statements
For the Year Ended December 31, 2017

incurred loss estimates exceeding \$100,000, and d) evaluate the Pool's operations, program deliverables, and the Executive Director's performance. Committee members are expected to participate in the Board's standing committees (finance, personnel, risk management, and underwriting) which develop or review/revise proposals for and/or recommendations to the association's policies and its coverages for the Board to consider and act upon

During 2016-17, the WCRP's assets remained stable at \$46.8 million while its liabilities decreased slightly to \$28.6 million. The Pool's net position increased slightly from \$17.9 million to \$18.1 million. 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.

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 \$500,000 per occurrence. Losses in excess of \$500,000 are insured through excess workers' compensation insurance policies. County Management considers the reserve levels at the end of 2017 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. Interfund premiums are assessed on the basis of claims experience and are reported as revenues and expenses.

NOTE 8 - CLAIMS AND JUDGMENTS

Clallam County is named as the defendant in five legal actions as of the end of 2017 of which four qualify for coverage under the WCRP. See Note 7 - 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 2017.

NOTE 9 - LEOFF MEDICAL COSTS

Under the terms of LEOFF I, the County pays all the medical costs of its nine retired LEOFF I employees. These medical costs paid in 2017 totaled \$43,176. In addition, the County paid

Clallam County
Notes to Financial Statements
For the Year Ended December 31, 2017

\$41,084 in medical insurance premiums for six of these retired employees in 2017. Only LEOFF I employees are eligible for this benefit.

Clallam County
Schedule of Liabilities
For the Year Ended December 31, 2017

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
263.81	Washington State CERB Loan	1/1/2025	412,827	-	44,065	368,762
263.81	Washington State PWB Loan	1/1/2048	4,878,093	5,121,908	-	10,000,001
Total General Obligation Debt/Liabilities:			5,290,920	5,121,908	44,065	10,368,763
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absenses		2,494,832	172,682	-	2,667,514
264.30	Pension Obligations		18,135,228	-	4,095,396	14,039,832
Total Revenue and Other (non G.O.) Debt/Liabilities:			20,630,060	172,682	4,095,396	16,707,346
Total Liabilities:			25,920,980	5,294,590	4,139,461	27,076,109

Clallam County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Note
				From Pass- Through Awards	From Direct Awards	Passed through to Subrecipients	
Child Nutrition Cluster							
Food And Nutrition Service, Department Of Agriculture (via WA public instruction)	National School Lunch Program	10.555	51219761	19,782	-	19,782	1,2,4
	Total Child Nutrition Cluster:			19,782	-	19,782	-
Food And Nutrition Service, Department Of Agriculture (via WA State dept of health)	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	C17104	251,122	-	251,122	1,2,4
Food And Nutrition Service, Department Of Agriculture (via WA State dept of health)	WIC Farmers' Market Nutrition Program (FMNP)	10.572	C17104	608	-	608	1,2,4
Forest Service Schools and Roads Cluster							
Forest Service, Department Of Agriculture (via fed forest)	Schools and Roads - Grants to States	10.665	n/a	55,415	-	55,415	1,2,4
Total Forest Service Schools and Roads Cluster:				55,415	-	55,415	-
National Oceanic And Atmospheric Administration (noaa), Department Of Commerce (via Recreation Conservation Office)	Pacific Coast Salmon Recovery Pacific Salmon Treaty Program	11.438	15-1396	186,681	-	186,681	1,2,4
Office For Victims Of Crime, Department Of Justice (via WA dept of commerce)	Crime Victim Assistance	16.575	S17-31102- 504/S18-3102- 504	54,842	-	54,842	1,2,4
Violence Against Women Office, Department Of Justice (via WA state dept commerce/US Justice)	Violence Against Women Formula Grants	16.588	F16-311303- 043	8,667	-	8,667	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, 2017

		Expenditures					Passed through to Subrecipients	Note
		Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	From Pass-Through Awards	From Direct Awards	Total
		Violence Against Women Office, Department Of Justice (via WA dept of commerce)	Violence Against Women Formula Grants	16.588	F16-31103-042	5,633	-	5,633
								1,2,4
					Total CFDA 16.588:	14,301	-	14,301
								5,717
		Bureau Of Justice Assistance, Department Of Justice (via US Bureau of Justice Assistance)	Bulletproof Vest Partnership Program	16.607	n/a	6,325	-	6,325
								1,2,4
		Bureau Of Justice Assistance, Department Of Justice (via WA state dept commerce)	Edward Byrne Memorial Justice Assistance Grant Program	16.738	F16-31440.004	83,902	-	83,902
								1,2,4
		Highway Planning and Construction Cluster						
		Federal Highway Administration (fhwa), Department Of Transportation (via FHWA/wsdot)	Highway Planning and Construction	20.205	LA-7394	62,472	-	62,472
								1,2,4
		Federal Highway Administration (fhwa), Department Of Transportation (via FHWA/wsdot)	Highway Planning and Construction	20.205	LA-7665	1,127,800	-	1,127,800
								1,2,4
		Federal Highway Administration (fhwa), Department Of Transportation (via FHWA/wsdot)	Highway Planning and Construction	20.205	LA-8994	744	-	744
								1,2,4
		Total Highway Planning and Construction Cluster:					-	1,191,016
								-
		Highway Safety Cluster						
		National Highway Traffic Safety Administration (nhtsa), Department Of Transportation (via WTSC)	State and Community Highway Safety	20.600	n/a	1,668	-	1,668
								1,2,4

The accompanying notes are an integral part of this schedule.

Clallam County

Expenditures

The accompanying notes are an integral part of this schedule.

Clallam County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017

Federal Agency (Pass-Through Agency)	Federal Program	Expenditures					Passed through to Subrecipients	Note
		CFDA Number	Other Award Number	From Pass- Through Awards	From Direct Awards	Total		
		Total CFDA 93.069:		27,206	-	27,206	-	
Centers For Disease Control And Prevention, Department Of Health And Human Services (via WA State dept of health)	Injury Prevention and Control Research and State and Community Based Programs	93.136	C17104	23,036	-	23,036	-	1,2,4
Substance Abuse And Mental Health Services Administration, Department Of Health And Human Services (via WA DBHR)	Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	1563-51879	111,389	-	111,389	-	1,2,4
Centers For Disease Control And Prevention, Department Of Health And Human Services (via WA State dept of health)	Immunization Cooperative Agreements	93.268	C17104	5,460	-	5,460	-	1,2,4
Centers For Disease Control And Prevention, Department Of Health And Human Services (via WA State dept of health)	Immunization Cooperative Agreements	93.268	C17104	141	-	141	-	1,2,4
Centers For Disease Control And Prevention, Department Of Health And Human Services (via WA State dept of health)	Immunization Cooperative Agreements	93.268	C17104	1,331	-	1,331	-	1,2,4
Centers For Disease Control And Prevention, Department Of Health And Human Services	Immunization Cooperative Agreements	93.268	n/a	-	50,762	50,762	-	3
		Total CFDA 93.268:		6,932	50,762	57,694	-	

The accompanying notes are an integral part of this schedule.

Clallam County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017

	Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures				Note
					From Pass- Through Awards	From Direct Awards	Total	Passed through to Subrecipients	
	Centers For Disease Control And Prevention, Department Of Health And Human Services (via NACCHO)	NON-ACA/PPHF— Building Capacity of the Public Health System to Improve Population Health through National Nonprofit Organizations	93.424	2016-101703	14,964	-	14,964	-	1,2,4
	Centers For Disease Control And Prevention, Department Of Health And Human Services (via WA State dept of health)	PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539	C-17104	2,300	-	2,300	-	1,2,4
	Administration For Children And Families, Department Of Health And Human Services (via WA DSHS)	Child Support Enforcement	93.563	1463-99072	175,240	-	175,240	-	1,2,4
	Administration For Children And Families, Department Of Health And Human Services (via WA dshs)	Child Support Enforcement	93.563	1663-67330	18,204	-	18,204	-	1,2,4
	Administration For Children And Families, Department Of Health And Human Services (via WA dshs)	Child Support Enforcement	93.563	2110-80577	63,310	-	63,310	-	1,2,4
				Total CFDA 93.563:	256,754	-	256,754		
	Centers For Disease Control And Prevention, Department Of Health And Human Services (via kitsap county health dist)	Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	11301-17-MUT	1,793	-	1,793	-	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, 2017

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
Medicaid Cluster								
Centers For Medicare And Medicaid Services, Department Of Health And Human Services (via HCA health care authority)	Medical Assistance Program	93.778	02-68-MAA	4,674	-	4,674	-	1,2,4
	Medical Assistance Program	93.778	K1397	115,675	-	115,675	-	1,2,4
Total Medicaid Cluster:				120,350	-	120,350	-	
Health Resources And Services Administration, Department Of Health And Human Services (via WA State dept of health)	Maternal and Child Health Services Block Grant to the States	93.994	C17104	59,884	-	59,884	-	1,2,4
United States Coast Guard (uscg), Department Of Homeland Security (via WA parks & rec)	Boating Safety Financial Assistance	97.012	3317FAS17015 3	22,574	-	22,574	-	1,2,4
Federal Emergency Management Agency (fema), Department Of Homeland Security (via WA Military Dept, US Dept HS)	Emergency Management Performance Grants	97.042	E18-130	49,068	-	49,068	-	1,2,4
Federal Emergency Management Agency (fema), Department Of Homeland Security (via WA Military Dept, US Dept HS)	Homeland Security Grant Program	97.067	E16-050	67,135	-	67,135	-	1,2,4
Federal Emergency Management Agency (fema), Department Of Homeland Security (via WA Military Dept, US Dept HS)	Homeland Security Grant Program	97.067	E16-168	109,858	-	109,858	62,594	1,2,4

The accompanying notes are an integral part of this schedule.

Clallam County

Expenditures

CLALLAM COUNTY

Notes to Schedule 16

For the Year Ended December 31, 2017

Note 1 - Basis of Accounting

The Schedule of Financial Assistance is prepared on the same basis as the county's financial statement. The county uses a cash accounting basis.

Note 2 - Program Costs

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

Note 3 - Noncash Awards - Vaccinations

The amount of Vaccine reported on the schedule is the value of vaccine distributed by the county during current year and priced as prescribed by Federal and State Agencies.

Note 4 - Indirect Cost Rate

The amount expended includes amounts claimed as an indirect cost recovery using an approved indirect cost rate of 30.86% or other overhead rate allowed by the granting agency. The county has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

ABOUT THE STATE AUDITOR'S OFFICE

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

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

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

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

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

Contact information for the State Auditor's Office	
Public Records requests	PublicRecords@sao.wa.gov
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov