



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Clallam County

For the period January 1, 2018 through December 31, 2018

Published September 23, 2019

Report No. 1024650





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

September 23, 2019

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, 2018 through December 31, 2018

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>
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children
10.665	Forest Service Schools and Roads Cluster – Schools and Roads – Grants to States
16.575	Crime Victim Assistance
97.067	Homeland Security Grant 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.

**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, 2018 through December 31, 2018**

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, 2018, and the related notes to the financial statements, which collectively comprise the County’s financial statements, and have issued our report thereon dated September 17, 2019.

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.

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 17, 2019

**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, 2018 through December 31, 2018**

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, 2018. 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, 2018.

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 17, 2019

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Clallam County January 1, 2018 through December 31, 2018

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, 2018, and the related notes to the financial statements, which collectively comprise the County's financial statements, as listed on page 15.

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 cash and investments of Clallam County, and its changes in cash and investments, for the year ended December 31, 2018, 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, 2018, 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.

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2019 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.



Pat McCarthy

State Auditor

Olympia, WA

September 17, 2019

FINANCIAL SECTION

Clallam County January 1, 2018 through December 31, 2018

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2018
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2018
Notes to Financial Statements – 2018

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2018
Schedule of Expenditures of Federal Awards – 2018
Notes to the Schedule of Expenditures of Federal Awards – 2018

Clallam County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2018

		Total for All Funds (Memo Only)	001 General	101 Roads	110 OPSCAN Operations
Beginning Cash and Investments					
30810	Reserved	1,000,000	1,000,000	-	-
30880	Unreserved	46,378,551	10,663,442	15,335,122	773,326
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	34,595,357	18,987,550	7,703,859	679,335
320	Licenses and Permits	1,104,826	1,056,056	46,470	-
330	Intergovernmental Revenues	12,560,417	6,656,985	3,133,522	455,294
340	Charges for Goods and Services	15,442,023	8,917,860	109,975	417,241
350	Fines and Penalties	1,057,082	1,045,353	-	11,598
360	Miscellaneous Revenues	3,977,508	2,203,615	136,897	27,521
Total Revenues:		68,737,213	38,867,419	11,130,723	1,590,989
Expenditures					
510	General Government	17,451,178	14,869,407	26,389	-
520	Public Safety	17,526,794	14,090,702	800,000	1,492,660
530	Utilities	624,666	-	-	-
540	Transportation	14,456,009	-	11,871,149	-
550	Natural and Economic Environment	4,165,037	3,159,047	93,510	-
560	Social Services	5,848,789	1,800,693	-	-
570	Culture and Recreation	2,928,155	2,904,193	-	-
Total Expenditures:		63,000,628	36,824,042	12,791,048	1,492,660
Excess (Deficiency) Revenues over Expenditures:		5,736,585	2,043,377	(1,660,325)	98,329
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	1,609,461	45,000	500,000	39,000
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	70,523	66,719	89	-
381, 395, 398	Other Resources	748,880	325,975	318,400	-
Total Other Increases in Fund Resources:		2,428,864	437,694	818,489	39,000
Other Decreases in Fund Resources					
594-595	Capital Expenditures	9,129,020	412,813	4,334,559	59,557
591-593, 599	Debt Service	52,804	-	-	-
597	Transfers-Out	1,609,461	224,539	2,722	39,000
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	105	-	99	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		10,791,390	637,352	4,337,380	98,557
Increase (Decrease) in Cash and Investments:		(2,625,941)	1,843,719	(5,179,216)	38,772
Ending Cash and Investments					
5081000	Reserved	1,000,000	1,000,000	-	-
5088000	Unreserved	43,752,610	12,507,161	10,155,906	812,098
Total Ending Cash and Investments		44,752,610	13,507,161	10,155,906	812,098

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, 2018

		113 Health & Human Services	114 Law Library	117 Crime Victim	119 Racketeering
Beginning Cash and Investments					
30810	Reserved	-	-	-	-
30880	Unreserved	3,725,739	39,498	139,525	1,775
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	1,581,788	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	2,034,653	-	81,841	-
340	Charges for Goods and Services	790,211	34,170	33,266	-
350	Fines and Penalties	-	-	1	-
360	Miscellaneous Revenues	4,526	11	-	31
Total Revenues:		4,411,178	34,181	115,108	31
Expenditures					
510	General Government	-	-	127,176	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	3,960,345	-	-	-
570	Culture and Recreation	-	23,962	-	-
Total Expenditures:		3,960,345	23,962	127,176	-
Excess (Deficiency) Revenues over Expenditures:		450,833	10,219	(12,068)	31
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	38,930	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	3,446	-
381, 395, 398	Other Resources	6,039	-	-	-
Total Other Increases in Fund Resources:		44,969	-	3,446	-
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:		495,802	10,219	(8,622)	31
Ending Cash and Investments					
5081000	Reserved	-	-	-	-
5088000	Unreserved	4,221,541	49,717	130,903	1,806
Total Ending Cash and Investments		4,221,541	49,717	130,903	1,806

Clallam County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2018

		122 Land Assessment	124 Document Preservation	129 Dispute Resolution Center	130 Noxious Weed Control
Beginning Cash and Investments					
30810	Reserved	-	-	-	-
30880	Unreserved	314,860	511,444	1,276	332,513
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	10,047	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	12,430	58,224	-	61,719
340	Charges for Goods and Services	104,282	44,156	20,785	44,048
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	2,727	-	-	107,778
Total Revenues:		129,486	102,380	20,785	213,545
Expenditures					
510	General Government	148,308	75,033	20,385	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	180,410
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		148,308	75,033	20,385	180,410
Excess (Deficiency) Revenues over Expenditures:		(18,822)	27,347	400	33,135
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	290	-	-	-
Total Other Increases in Fund Resources:		290	-	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	11,220	-	-
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:		-	11,220	-	-
Increase (Decrease) in Cash and Investments:		(18,532)	16,127	400	33,135
Ending Cash and Investments					
5081000	Reserved	-	-	-	-
5088000	Unreserved	296,328	527,571	1,676	365,648
Total Ending Cash and Investments		296,328	527,571	1,676	365,648

Clallam County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2018

		135 Probation DC I	199 Opportunity Fund	254 RID #142	256 RID #141
Beginning Cash and Investments					
30810	Reserved	-	-	-	-
30880	Unreserved	111,415	3,868,742	772	1,167
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	-	3,628,667	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	46,779	-	-
340	Charges for Goods and Services	167,971	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	1,804	85,974	-	-
Total Revenues:		169,775	3,761,420	-	-
Expenditures					
510	General Government	189,173	-	-	-
520	Public Safety	-	1,143,432	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	732,070	-	-
560	Social Services	-	87,751	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		189,173	1,963,253	-	-
Excess (Deficiency) Revenues over Expenditures:		(19,398)	1,798,167	-	-
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	3,000	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	2,717	-	-
Total Other Increases in Fund Resources:		-	5,717	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	48,193	772	1,167
597	Transfers-Out	-	45,000	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	93,193	772	1,167
Increase (Decrease) in Cash and Investments:		(19,398)	1,710,691	(772)	(1,167)
Ending Cash and Investments					
5081000	Reserved	-	-	-	-
5088000	Unreserved	92,017	5,579,433	-	-
Total Ending Cash and Investments		92,017	5,579,433	-	-

Clallam County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2018

		259 Lake Dawn Management	274 RID #149	295 LID 2007-1	301 REET
Beginning Cash and Investments					
30810	Reserved	-	-	-	-
30880	Unreserved	134	2,538	10,410	1,486,869
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	-	-	-	1,002,223
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	130	-	-
360	Miscellaneous Revenues	-	392	8,165	156
Total Revenues:		-	522	8,165	1,002,379
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:		-	522	8,165	1,002,379
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	-	-	-	676,509
591-593, 599	Debt Service	134	2,538	-	-
597	Transfers-Out	-	-	3,000	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		134	2,538	3,000	676,509
Increase (Decrease) in Cash and Investments:		(134)	(2,016)	5,165	325,870
Ending Cash and Investments					
5081000	Reserved	-	-	-	-
5088000	Unreserved	-	522	15,575	1,812,739
Total Ending Cash and Investments		-	522	15,575	1,812,739

Clallam County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2018

		302 REET 2	305 Capital Projects	307 Capital Projects IT	308 Carlsborg Sewer Project
Beginning Cash and Investments					
30810	Reserved	-	-	-	-
30880	Unreserved	1,297,518	1,250,428	278,040	341,236
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	1,001,888	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	-	-	524
Total Revenues:		1,001,888	-	-	524
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:		1,001,888	-	-	524
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	-	-	16,349	-
Total Other Increases in Fund Resources:		-	-	16,349	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	684,924	548,156	64,991	118,671
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	1,000,000	-	-	200,000
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		1,684,924	548,156	64,991	318,671
Increase (Decrease) in Cash and Investments:		(683,036)	(548,156)	(48,642)	(318,147)
Ending Cash and Investments					
5081000	Reserved	-	-	-	-
5088000	Unreserved	614,482	702,272	229,398	23,089
Total Ending Cash and Investments		614,482	702,272	229,398	23,089

Clallam County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2018

		309 Carlsborg Water Mitigation	402 Solid Waste	414 Clallam Bay Sewer	415 Clallam Bay Sewer Capital Replacement
Beginning Cash and Investments					
30810	Reserved	-	-	-	-
30880	Unreserved	-	1,798	197,643	377,240
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	18,970	-	-
340	Charges for Goods and Services	-	49,491	32,080	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	259	290,925	5,434
Total Revenues:		-	68,720	323,005	5,434
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	64,968	395,245	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	64,968	395,245	-
Excess (Deficiency) Revenues over Expenditures:		-	3,752	(72,240)	5,434
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	500,000	15,250	195,000	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		500,000	15,250	195,000	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	32,229	-	306,665	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	95,000
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		32,229	-	306,665	95,000
Increase (Decrease) in Cash and Investments:		467,771	19,002	(183,905)	(89,566)
Ending Cash and Investments					
5081000	Reserved	-	-	-	-
5088000	Unreserved	467,771	20,800	13,738	287,674
Total Ending Cash and Investments		467,771	20,800	13,738	287,674

Clallam County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2018

		424 Carlsborg Sewer	425 Carlsborg Sewer Capital Replacement	503 ER & R	504 Risk Management
Beginning Cash and Investments					
30810	Reserved	-	-	-	-
30880	Unreserved	127,196	60,500	2,912,763	1,079,812
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	2,300	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	1,725	-	3,038,305	1,245,147
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	95,072	26,400	976,973	2,258
Total Revenues:		99,097	26,400	4,015,278	1,247,405
Expenditures					
510	General Government	-	-	-	1,679,218
520	Public Safety	-	-	-	-
530	Utilities	164,453	-	-	-
540	Transportation	-	-	2,584,860	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		164,453	-	2,584,860	1,679,218
Excess (Deficiency) Revenues over Expenditures:		(65,356)	26,400	1,430,418	(431,813)
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	250,000	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	269	-
381, 395, 398	Other Resources	-	-	79,110	-
Total Other Increases in Fund Resources:		250,000	-	79,379	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	109,872	-	1,768,854	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	200	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	6	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		109,872	-	1,769,060	-
Increase (Decrease) in Cash and Investments:		74,772	26,400	(259,263)	(431,813)
Ending Cash and Investments					
5081000	Reserved	-	-	-	-
5088000	Unreserved	201,968	86,900	2,653,500	647,999
Total Ending Cash and Investments		201,968	86,900	2,653,500	647,999

Clallam County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2018

		505 Workers' Compensation	506 Employee Health Care Benefit	507 Unemployment Compensation
Beginning Cash and Investments				
30810	Reserved	-	-	-
30880	Unreserved	911,328	30,000	192,482
388 / 588	Prior Period Adjustments, Net	-	-	-
Revenues				
310	Taxes	-	-	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	-	-	-
340	Charges for Goods and Services	367,939	-	23,371
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	66	-	-
Total Revenues:		368,005	-	23,371
Expenditures				
510	General Government	268,743	23,281	24,065
520	Public Safety	-	-	-
530	Utilities	-	-	-
540	Transportation	-	-	-
550	Natural and Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
Total Expenditures:		268,743	23,281	24,065
Excess (Deficiency) Revenues over Expenditures:		99,262	(23,281)	(694)
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	-	23,281	-
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	-	-	-
381, 395, 398	Other Resources	-	-	-
Total Other Increases in Fund Resources:		-	23,281	-
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:		99,262	-	(694)
Ending Cash and Investments				
5081000	Reserved	-	-	-
5088000	Unreserved	1,010,590	30,000	191,788
Total Ending Cash and Investments		1,010,590	30,000	191,788

Clallam County
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2018

		Total for All Funds (Memo Only)	Private-Purpose Trust	Agency
308	Beginning Cash and Investments	59,728,654	2,599,360	57,129,294
388 & 588	Prior Period Adjustment, Net	-	-	-
310-390	Additions	254,634,306	11,755	254,622,551
510-590	Deductions	249,447,846	1,211	249,446,635
	Net Increase (Decrease) in Cash and Investments:	5,186,460	10,544	5,175,916
508	Ending Cash and Investments	64,915,114	2,609,904	62,305,210

The accompanying notes are an integral part of this statement.

Clallam County
Notes to Financial Statements
For the Year Ended December 31, 2018

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

Clallam County
Notes to Financial Statements
For the Year Ended December 31, 2018

Special Revenue Funds

These funds account for specific revenue sources that are restricted or committed 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 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.

Private-Purpose Trust Funds

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

Custodial Funds

These funds are used to account 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, 2018

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. Deposits and Investments - See Note 3.

D. 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.

E. 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 20% 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 6 and 7.

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 8.

J. Reserved Portion of Ending Cash and Investments

At December 31, 2018, 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	<u>500,000</u>
Total	\$1,000,000

The 2019 general fund budget as originally approved in December 2018 included a deficit of \$1,080,970.

Clallam County
Notes to Financial Statements
For the Year Ended December 31, 2018

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 – BUDGET COMPLIANCE

1. Budgets

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 184 times during 2018.

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

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
GENERAL FUND			
ASSESSOR	1,604,576	1,573,138	31,438
AUDITOR	1,309,446	1,203,039	106,407
TREASURER	862,644	686,672	175,972
BOCC OPERATIONS	713,135	665,434	47,701
BOUNDARY REVIEW BOARD	150	150	-
PORT CRESCENT CEMETERY	3,000	-	3,000
BOARD OF EQUALIZATION	69,621	57,225	12,396
NON-DEPARTMENTAL	1,516,285	1,393,888	122,397
OPERATING TRANSFERS OUT	232,180	224,539	7,641
DCD ADMINISTRATION	513,309	426,912	86,397
DCD ENVIRONMENTAL QUALITY	281,869	162,614	119,255
DCD PERMIT CENTER	1,026,704	1,012,382	14,322
DCD PLANNING	1,991,150	1,225,605	765,545
HEARING EXAMINER	85,000	64,485	20,515
INFORMATION TECHNOLOGY	1,801,655	1,674,023	127,632
HUMAN RESOURCES	851,085	672,377	178,708
ENVIRONMENTAL HEALTH	1,171,642	1,026,677	144,965

Clallam County
Notes to Financial Statements
For the Year Ended December 31, 2018

HHS ADMINISTRATION	631,934	566,860	65,074
SHERIFF OPERATIONS	6,657,998	6,421,847	236,151
SHERIFF COMMUNITY PROJECTS	122,707	114,874	7,833
ANIMAL CONTROL	201,552	198,408	3,144
SEARCH & RESCUE	48,150	43,580	4,570
JAIL	3,871,217	3,820,487	50,730
JAIL MEDICAL	672,867	613,713	59,154
EMERGENCY SERVICES	389,195	250,140	139,055
INDIGENT DEFENSE	1,212,000	1,190,164	21,836
PROSECUTING ATTORNEY	2,652,108	2,478,803	173,305
CHILD SUPPORT	284,651	254,825	29,826
CORONER	151,800	127,953	23,847
JUVENILE SERVICES	3,445,829	3,174,449	271,380
SUPERIOR COURT	1,469,622	1,276,088	193,534
DISTRICT COURT I	814,705	754,095	60,610
DISTRICT COURT II	357,077	340,595	16,482
CLERK	908,415	845,137	63,278
PARKS AND FACILITIES	2,359,013	2,265,379	93,634
FAIR	413,508	393,489	20,019
WSU EXTENSION	301,805	252,193	49,612
FLOOD CONTROL	11,580	9,153	2,427
TOTAL GENERAL FUND	41,011,184	37,461,392	3,549,792
ROADS	19,207,848	17,128,428	2,079,420
SHERIFF'S HONOR GUARD DONATION	4,014	-	4,014
RECREATIONAL AND BOATING FUND	70,349	64,654	5,695
VRF BOATING PROGRAM	39,596	7,269	32,327
SHERIFF OFFICE DRUG FUND	48,589	39,000	9,589
SHERIFF OPNET DRUG FUND	220,587	167,290	53,297
NINE-ONE-ONE ENHANCED	793,579	748,222	45,357
OPSCAN OPERATIONS	387,142	259,059	128,083
SHERIFF STONEGARDEN GRANT	522,082	264,253	257,829
24/7 SOBRIETY PROGRAM	60,041	41,469	18,572
HEALTH & HUMAN SERVICES	1,274,875	899,200	375,675
HOMELESS TASK FORCE	519,273	409,726	109,547
CHEMICAL DEPENDENCY	1,632,344	1,050,353	581,991
AFFORDABLE HOUSING	119,000	90,415	28,585
DEVELOPMENTAL DISABILITIES	1,590,323	1,510,654	79,669
LAW LIBRARY	26,540	23,961	2,579
CRIME VICTIM COMP/LOCAL	129,440	127,177	2,263
RACKETEERING FUND	5	1	4
TREASURER'S O & M	113,749	96,472	17,277
REET ELECTRONIC TECHNOLOGY	42,315	39,046	3,269
LAND ASSESSMENT	15,000	12,790	2,210
DOCUMENT PRESERVATION	90,155	86,253	3,902
DISPUTE RESOLUTION CENTER	15,135	13,345	1,790
COURTHOUSE FACILITATOR	8,520	7,040	1,480
NOXIOUS WEED CONTROL	178,646	162,930	15,716
LMD#2 LAKE SUTHERLAND	17,722	17,480	242
PROBATION DISTRICT COURT I	223,174	189,173	34,001
TRIAL COURT IMPROVEMENTS	30,000	30,000	-
VETERANS' RELIEF	155,251	87,751	67,500
FEDERAL FOREST REPLACEMENT	30,000	-	30,000
HOTEL/MOTEL TAX	645,000	634,571	10,429
OPPORTUNITY FUND	168,194	160,694	7,500
EMERGENCY COMMUNICATIONS TAX	1,334,320	1,143,432	190,888

Clallam County
Notes to Financial Statements
For the Year Ended December 31, 2018

R I D #142 BUSINESS PARK LOOP	773	772	1
R I D #141 SCHOOL HOUSE ROAD	1,639	1,167	472
LAKE DAWN MANAGEMENT	135	134	1
R I D #149 OSBORN ROAD	2,539	2,538	1
LID 3RD STREET SEWER LINE	3,000	3,000	-
REAL ESTATE EXCISE TAX PROJECT	2,040,000	676,509	1,363,491
REAL ESTATE EXCISE TAX 2	1,895,000	1,684,924	210,076
CAPITAL PROJECTS	930,000	548,156	381,844
CAPITAL PROJECTS INFO TECH	200,287	64,991	135,296
CAPITAL PROJECTS CARLSBORG SEWER	350,730	318,671	32,059
CARLSBORG WATER MITIGATION	500,000	32,229	467,771
SOLID WASTE	69,444	64,967	4,477
CLALLAM BAY-SEKIU SEWER	901,123	796,909	104,214
CARLSBORG SEWER	344,816	274,325	70,491
EQUIPMENT RENTAL & REVOLVING	5,102,419	4,353,920	748,499
RISK MANAGEMENT	1,975,225	1,679,218	296,007
WORKERS' COMPENSATION CLAIMS	698,382	268,743	429,639
EMPLOYEE HEALTH CARE BENEFIT	36,925	23,281	13,644
UNEMPLOYMENT COMPENSATION	90,000	24,065	65,935
TOTAL OTHER COUNTY FUNDS	44,855,245	36,330,627	8,524,618

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

As of December 31, 2018 the County had the following investments:

	Fair value of County investments	Fair value of investments held by County as agent	Total
Demand Deposits	\$ 806,411	\$ 5,710,893	\$ 6,517,304
Time Deposits	36,954,249	6,071,066	43,025,315
US Government Securities	-	-	-
State Investment Pool	<u>9,436,764</u>	<u>50,622,659</u>	<u>60,059,423</u>
Total	<u>\$ 47,197,424</u>	<u>\$ 62,404,618</u>	<u>\$ 109,602,042</u>

NOTE 4 - PROPERTY TAXES

Clallam County
Notes to Financial Statements
For the Year Ended December 31, 2018

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 2018 was \$1.289709697 per \$1,000 on a total assessed valuation of \$8,321,650,465 for a regular levy total of \$10,732,513. The County's total 2018 levy rate of \$1.289709697 was comprised of four funds: General at \$1.252259697; Veterans' Relief at \$.01125; Land Assessment at \$.00120; and Developmental Disabilities at \$.02500.

NOTE 5 - 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, 2017 there was a loan payable balance outstanding payable by the Road Improvement funds as a group to the Roads fund in the total of \$6,367. There were no new loans on this balance in 2018, and after payments of \$2,839 the balance at December 31, 2018 was \$3,528.

NOTE 6 - LONG-TERM DEBT

A. Long-Term Debt

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, 2018 the principal outstanding on this loan payable was \$324,255 due in annual payments of \$48,193.54 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.

Clallam County
Notes to Financial Statements
For the Year Ended December 31, 2018

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, 2018, the County had received advances for the full amount of the loan, all of which is outstanding at December 31, 2018. The first accrued interest only payment of \$59,906 is due June 1, 2019, with principal payments and interest due each year thereafter beginning June 1, 2020 through June 1, 2048.

The total debt service requirements for these general obligation bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019 \$	44,951	\$ 63,149	\$ 108,100
2020	390,228	27,793	418,021
2021	390,681	26,477	417,158
2022	391,141	25,157	416,298
2023	391,603	23,831	415,434
2024-2028	1,819,098	100,565	1,919,663
2029-2033	1,724,137	77,585	1,801,722
2034-2038	1,724,138	56,035	1,780,173
2039-2043	1,724,137	34,483	1,758,620
2044-2048	1,724,141	12,930	1,737,071
TOTAL	<u>\$ 10,324,255</u>	<u>\$ 448,005</u>	<u>\$ 10,772,260</u>

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. This primary revenue source for the Opportunity Fund is currently scheduled to end in 2032. If this revenue stream is not sufficient or is not extended beyond 2032 to meet the remaining 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, 2018. Liability is determined at the current pay rates for employees at the end of each year. Under this

Clallam County
Notes to Financial Statements
For the Year Ended December 31, 2018

calculation, the liability for compensated absences at December 31, 2018 was \$2,984,108 which was an increase of \$316,594 from the end of 2017.

NOTE 7 - 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 DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

At June 30, 2018 the County's proportionate share of the collective net pension liabilities as reported on Schedule 09 was as follows:

	Allocation %	Liability (Asset)
PERS 1	0.16%	7,030,252
PERS 2/3	0.17%	2,898,825
PSERS 2	0.46%	5,638
LEOFF 1	0.02%	(311,377)
LEOFF 2	0.09%	(1,818,669)

Clallam County
Notes to Financial Statements
For the Year Ended December 31, 2018

LEOFF 1

The County participates in LEOFF 1 which is fully funded. If the plan becomes underfunded, funding the remaining liability will require new legislation. Starting on July 1, 2000, employers and employees contribute zero percent.

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 8 - 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, 2018, 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 2018, 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 protection 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

Clallam County
Notes to Financial Statements
For the Year Ended December 31, 2018

programs have included “corridor deductibles” with aggregated stop losses which have the effect of increasing the Pool’s SIR. For 2017-18, 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 2017-18, 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

Clallam County
Notes to Financial Statements
For the Year Ended December 31, 2018

disbursements and review 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 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 2017-18, the WCRP's assets remained stable at \$51.5 million while its liabilities decreased slightly to \$31.5 million. The Pool's net position increased slightly from \$18.1 million to \$19.8 million. The Pool more than satisfies the State Risk Manager's solvency requirements (as defined pursuant to 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, 2018 was \$0. As such, there were no known contingent liabilities for disclosure by the member counties as of December 31, 2018.

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 2018 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.

Clallam County
Notes to Financial Statements
For the Year Ended December 31, 2018

NOTE 9 - CLAIMS AND JUDGMENTS

Clallam County is named as the defendant in six legal actions as of the end of 2018 of which four qualify for coverage under the WCRP. See Note 8 - 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 2018.

NOTE 10 - LEOFF MEDICAL COSTS

Under the terms of LEOFF I, the County pays all the medical costs of its eight retired LEOFF I employees. These medical costs paid in 2018 totaled \$206,496. In addition, the County paid \$40,576 in medical insurance premiums for five of these retired employees in 2018. Only LEOFF I employees are eligible for this benefit.

Clallam County
Schedule of Liabilities
For the Year Ended December 31, 2018

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
263.81	Washington State CERB Loan	6/1/2025	368,761	-	44,506	324,255
263.81	Washington State PWB Loan	6/1/2048	10,000,001	-	-	10,000,001
Total General Obligation Debt/Liabilities:			10,368,762	-	44,506	10,324,256
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absences		2,667,514	316,594	-	2,984,108
264.30	Pension Obligations		14,039,832	-	4,105,117	9,934,715
Total Revenue and Other (non G.O.) Debt/Liabilities:			16,707,346	316,594	4,105,117	12,918,823
Total Liabilities:			27,076,108	316,594	4,149,623	23,243,079

Clallam County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018

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		
Child Nutrition Cluster								
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA public instruction)	National School Lunch Program	10.555	Agreement #051219761	19,410	-	19,410	-	1,2,4
	Total Child Nutrition Cluster:			19,410	-	19,410	-	
	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	CLH18239	240,225	-	240,225	-	1,2,4
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA State dept of health)	WIC Farmers' Market Nutrition Program (FMNP)	10.572	CLH18239	1,214	-	1,214	-	1,2,4
Forest Service Schools and Roads Cluster								
FOREST SERVICE, AGRICULTURE, DEPARTMENT OF (via US Forest)	Schools and Roads - Grants to States	10.665	n/a	410,178	-	410,178	-	1,2,4
	Total Forest Service Schools and Roads Cluster:			410,178	-	410,178	-	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via WA dept of Commerce)	Crime Victim Assistance	16.575	F17-31219-505	140,907	-	140,907	-	1,2,4
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via WA dept of commerce)	Crime Victim Assistance	16.575	S18-31102- 504/19-31101- 504	71,173	-	71,173	-	1,2,4
Total CFDA 16.575:				212,080	-	212,080	-	

The accompanying notes are an integral part of this schedule.

Clallam County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018

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		
OFFICE ON VIOLENCE AGAINST WOMEN (OVW), JUSTICE, DEPARTMENT OF (via WA state dept commerce/US Justice)	Violence Against Women Formula Grants	16.588	F16-31103- 043/F17-31103- 042	15,967	-	15,967	7,169	1,2,4
OFFICE ON VIOLENCE AGAINST WOMEN (OVW), JUSTICE, DEPARTMENT OF (via WA dept of commerce)	Violence Against Women Formula Grants	16.588	F17-31103-041	16,417	-	16,417	-	1,2,4
Total CFDA 16.588:				32,384	-	32,384	7,169	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via WA state dept commerce/US Justice)	Edward Byrne Memorial Justice Assistance Grant Program	16.738	F16-31440-031	51,452	-	51,452	-	1,2,4
Highway Planning and Construction Cluster								
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via FHWA/bridge rehab)	Highway Planning and Construction	20.205	LA-7394	114,315	-	114,315	-	1,2,4
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Hwy Safety Improvement Proj)	Highway Planning and Construction	20.205	LA-8994	10,162	-	10,162	-	1,2,4
Total Highway Planning and Construction Cluster:				124,477	-	124,477	-	

Highway Safety Cluster								
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WASPC;US/DOT Nat'l Hwy Traffic Safety)	State and Community Highway Safety	20.600	n/a	3,207	-	3,207	-	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, 2018

	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		
	NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WTSC; US/DOT Nat'l Hwy Traffic Safety)	State and Community Highway Safety	20.600	2018-HVE-2375	1,897	-	1,897	-	1,2,4
				Total CFDA 20.600:	5,104	-	5,104	-	
	NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WTSC WA traffic Safety Comm)	National Priority Safety Programs	20.616	11301-17-TSC	5,406	-	5,406	-	1,2,4
				Total Highway Safety Cluster:	10,510	-	10,510	-	
	NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via USDOT, Nat'l hwy safety)	Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	2019-AG-2771- Clallam/AG- 1916-Clallam	55,677	-	55,677	-	1,2,4
	ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY (via WA dept of fish wildlife EPA)	Puget Sound Action Agenda: Technical Investigations and Implementation Assistance Program	66.123	17-08466	76,629	-	76,629	-	1,2,4
	ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY (via EPA)	Puget Sound Action Agenda: Technical Investigations and Implementation Assistance Program	66.123	2017-15	588	-	588	-	1,2,4
	ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY (via WA dept of health)	Puget Sound Action Agenda: Technical Investigations and Implementation Assistance Program	66.123	CLH18239	2,497	-	2,497	-	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, 2018

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		
ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY (via WA dept of health)	Puget Sound Action Agenda: Technical Investigations and Implementation Assistance Program	66.123	CLH18239	10,289	-	10,289	-	1,2,4
ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY (via WA dept of health)	Puget Sound Action Agenda: Technical Investigations and Implementation Assistance Program	66.123	CLH18239	116,398	-	116,398	-	1,2,4
ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY (via WA dept of health)	Puget Sound Action Agenda: Technical Investigations and Implementation Assistance Program	66.123	CLH18239	103,001	-	103,001	-	1,2,4
Total CFDA 66.123:				309,402	-	309,402	-	
ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY (via WA dept of health)	Beach Monitoring and Notification Program Implementation Grants	66.472	CLH18239	5,512	-	5,512	-	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	CLH18239	19,633	-	19,633	-	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	CLH18239	704	-	704	-	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, 2018

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	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State dept of health)	Public Health Emergency Preparedness	93.069	CLH18239	13,148	-	-	1,2,4
				33,485	-	-	
				Total CFDA 93.069:			
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State dept of health)	Injury Prevention and Control Research and State and Community Based Programs	93.136	CLH18239	37,459	-	-	1,2,4
				38,087	-	-	
				Total CFDA 93.136:			
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA HCA)	Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	1563-51879	97,386	-	-	1,2,4
				3,643	-	-	
				Total CFDA 93.243:			
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State dept of health)	Immunization Cooperative Agreements	93.268	CLH18239	981	-	-	1,2,4
				981	-	-	
				Total CFDA 93.268:			

The accompanying notes are an integral part of this schedule.

Clallam County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018

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		
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State dept of health)	Immunization Cooperative Agreements	93.268	CLH18239	1,146	-	1,146	-	1,2,4
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State dept of health)	Immunization Cooperative Agreements	93.268	CLH18239	1,082	-	1,082	-	1,2,4
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State dept of health)	Immunization Cooperative Agreements	93.268	CLH18239	217	-	217	-	1,2,4
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via HHS CDC)	Immunization Cooperative Agreements	93.268	n/a	30,847	-	30,847	-	3
Total CFDA 93.268:				37,916	-	37,916	-	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Kitsap county health dist)	PPHF 2018: Office of Smoking and Health- National State-Based Tobacco Control Programs-Financed in part by 2018 Prevention and Public Health funds (PPHF)	93.305	KPHD 1848- KPHD 1708	1,246	-	1,246	-	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, 2018

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		
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State dept of health)	PPHF 2018: Office of Smoking and Health- National State-Based Tobacco Control Programs-Financed in part by 2018 Prevention and Public Health funds (PPHF)	93.305	KPHD 1848- KPHD 1708	1,115	-	1,115	-	1,2,4
		Total CFDA 93.305:			2,361	-	2,361	-
		93.563	1463-99072	176,605	-	176,605	-	1,2,4
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via FED admin for child&fam/DHS)	Child Support Enforcement	93.563	1663-67330	18,368	-	18,368	-	1,2,4
		93.563	2110-80577	87,628	-	87,628	-	1,2,4
Total CFDA 93.563:			282,601	-	282,601	-		
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Kitsap county health dist)	Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	KPHD 1848- KPHD 1708	2,276	-	2,276	-	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, 2018

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			
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Kitsap Co Health Dept)	Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	KPHD 1848- KPHD 1708	1,861	-	1,861	-	1,2,4	
			Total CFDA 93.758:			4,137	-	4,137	-
Medicaid Cluster									
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via HCA health care authority)	Medical Assistance Program	93.778	02-68-MAA	18,494	-	18,494	-	1,2,4	
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via HCA health care authority)	Medical Assistance Program	93.778	K1397	29,605	-	29,605	-	1,2,4	
Total Medicaid Cluster:				48,099	-	48,099	-		
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Peninsula Community Health Services)	Opioid STR	93.788	2018-001- CCHHS	26,642	-	26,642	-	1,2,4	
HEALTH RESOURCES AND SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State dept of health)	Maternal and Child Health Services Block Grant to the States	93.994	CLH18239	57,987	-	57,987	-	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, 2018

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		
U.S. COAST GUARD, HOMELAND SECURITY, DEPARTMENT OF (via WA parks & rec/US Coast Guard)	Boating Safety Financial Assistance	97.012	3318FAS18015 3	22,676	-	22,676	-	1,2,4
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Dept HS Security Disaster Grant)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	D09-011	5,559	-	5,559	-	1,2,4
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA Military Dept, FEMA)	Hazard Mitigation Grant	97.039	D17-008	11,571	-	11,571	-	1,2,4
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA Military Dept, US Dept HS)	Emergency Management Performance Grants	97.042	E18-130	34,272	-	34,272	-	1,2,4
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA Military Dept, US Dept HS)	Homeland Security Grant Program	97.067	E17-063	39,612	-	39,612	-	1,2,4
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA Military Dept, US Dept HS)	Homeland Security Grant Program	97.067	E16-168	63,445	-	63,445	50,312	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, 2018

	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		
	FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA Military Dept, US Dept HS)	Homeland Security Grant Program	97.067	E17-140	78,703	-	78,703	70,115	1,2,4
	FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA Military Dept, US Dept HS)	Homeland Security Grant Program	97.067	E18-175	125,112	-	125,112	41,981	1,2,4
Total CFDA 97.067:					306,872	-	306,872	162,408	
Total Federal Awards Expended:					2,519,631	-	2,519,631	169,577	

CLALLAM COUNTY

Notes to Schedule 16

For the Year Ended December 31, 2018

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 34.23% 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.

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