



Office of the Washington State Auditor  
Pat McCarthy

# **Financial Statements and Federal Single Audit Report**

## **Grays Harbor County**

**For the period January 1, 2021 through December 31, 2021**

*Published September 26, 2022*

Report No. 1031166



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

September 26, 2022

Board of Commissioners  
Grays Harbor County  
Montesano, Washington

**Report on Financial Statements and Federal Single Audit**

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

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

Sincerely,

A handwritten signature in black ink that reads "Pat McCarthy".

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

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## TABLE OF CONTENTS

Schedule of Findings and Questioned Costs.....	4
Schedule of Federal Award Findings and Questioned Costs.....	6
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 <i>Government Auditing Standards</i> .....	13
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance With the Uniform Guidance .....	16
Independent Auditor's Report on the Financial Statements.....	21
Financial Section.....	25
Corrective Action Plan for Findings Reported Under Uniform Guidance .....	68
About the State Auditor's Office.....	70

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

### Grays Harbor County January 1, 2021 through December 31, 2021

#### SECTION I – SUMMARY OF AUDITOR’S RESULTS

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

##### Financial Statements

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

##### Internal Control over Financial Reporting:

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

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

##### Federal Awards

##### Internal Control over Major Programs:

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

We issued an unmodified opinion on the County’s compliance with requirements applicable to each of its major federal programs, with the exception of the 21.023 – Emergency Rental

Assistance Program on which we issued an adverse opinion on compliance with applicable requirements.

We reported 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>
21.019	COVID-19 – Coronavirus Relief Fund
21.023	COVID-19 – Emergency Rental Assistance Program
66.468	Drinking Water State Revolving Fund Cluster – Capitalization Grants for Drinking Water State Revolving Funds
93.323	COVID-19 – Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)

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

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

## **SECTION II – FINANCIAL STATEMENT FINDINGS**

None reported.

## **SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

See Findings 2021-001 and 2021-002.

## SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

### Grays Harbor County January 1, 2021 through December 31, 2021

#### **2021-001    The County's internal controls were inadequate for ensuring compliance with federal procurement requirements.**

<b>CFDA Number and Title:</b>	66.468 – Capitalization Grants for Drinking Water State Revolving Funds
<b>Federal Grantor Name:</b>	Environmental Protection Agency
<b>Federal Award/Contract Number:</b>	DWL23456
<b>Pass-through Entity Name:</b>	Washington State Department of Health
<b>Pass-through Award/Contract Number:</b>	N/A
<b>Questioned Cost Amount:</b>	\$0

#### ***Description of Condition***

The Drinking Water State Revolving Fund (DWSRF) program is a federal-state partnership to help maintain safe drinking water. Created by the 1996 Amendments to the Safe Drinking Water Act (Act), the program provides financial support to water systems and to state safe water programs. States can use capitalization grant funds to establish a revolving loan to assist public water systems, finance the costs of infrastructure needed to achieve or maintain compliance with the Act's requirements, and protect the public health objectives of the Act. During fiscal year 2021, the County spent \$951,088 in federal funding for a water system improvement project.

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

Federal regulations require recipients to follow their own documented procurement procedures, which must conform to the Uniform Guidance procurement standards found in 2 CFR § 200.318-327. The procedures must reflect the most restrictive of

applicable federal requirements, state laws or local policies. When using federal funds to procure goods and services, governments must apply the more restrictive requirements by obtaining quotes or following a competitive procurement process, depending on the estimated cost of the procurement activity.

Although the County has a written procurement policy, it does not conform to the most restrictive methods and thresholds for procuring public works projects. Additionally, the County's policy does not include other required procedures for procuring transactions, such as piggybacking, contract cost and price analysis, bonding requirements, and more.

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

The issue was not reported as a finding in the prior audit.

### *Cause of Condition*

The County's Board of Commissioners approved its current procurement policy in 2016. County management and staff said they did not know about the updated federal requirements for written procurement policies, which went into effect in July 2018.

### *Effect of Condition*

Although the County's policies did not conform to Uniform Guidance, our testing found the County complied with federal requirements for sealed bidding for a public works contractor. However, without adequate procurement policies, the County is at a greater risk of noncompliance with following the most restrictive procurement procedures when procuring contractors paid all or in part with federal funds.

### *Recommendation*

We recommend the County update its procurement policy to be in compliance with the most restrictive requirements and include all elements required by Uniform Guidance.

## ***County's Response***

*Grays Harbor County ("County") would like to thank the State Auditor's Office for bringing this issue to the County's attention. The County has been in the process of updating its procurement policy so that the policy specifically incorporates federal procurement requirements under 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 County intends that the policy will comply with the most restrictive requirements, and include all elements required by the Uniform Guidance. The County anticipates policy completion and implementation in the near future.*

*Further, the County has implemented a specific procurement policy for expenditures of all federal assistance received from the American Rescue Plan Act ("ARPA") and Coronavirus State and Local Fiscal Recovery Funds ("LFRF"). The specific purpose of this policy is to ensure that the County's internal controls are adequate for ensuring compliance with federal procurement requirements.*

## ***Auditor's Remarks***

We thank the County for its cooperation throughout the audit and the steps it is taking to address these concerns. We will review the status of the County's corrective action during our next audit.

## ***Applicable Laws and Regulations***

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

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

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

Title 2 CFR Part 200, Uniform Guidance, section 318, General procurement standards, establishes requirements for written procedures.



## SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

### Grays Harbor County January 1, 2021 through December 31, 2021

#### **2021-002    The County lacked adequate internal controls for ensuring it met subrecipient monitoring requirements.**

<b>CFDA Number and Title:</b>	21.023 – COVID-19 – Emergency Rental Assistance Program
<b>Federal Grantor Name:</b>	U.S. Department of the Treasury
<b>Federal Award/Contract Number:</b>	N/A
<b>Pass-through Entity Name:</b>	Washington State Department of Commerce
<b>Pass-through Award/Contract Number:</b>	21-4616C-109
<b>Questioned Cost Amount:</b>	\$0

#### ***Background***

During fiscal year 2021, the County spent \$2,141,308 in federal funding from the Emergency Rental Assistance (ERA 1) Program, which included \$2,091,364 passed through to one subrecipient. The objective of the program is to respond to the COVID-19 pandemic's negative effects on housing, rental debt, and evictions by providing assistance to households unable to pay past-due rent and utility bills.

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

Whenever the County passes on federal funding to subrecipients, federal regulations require it to clearly identify the award as a subaward by providing the information described in the regulation and including all applicable program requirements in the agreement. Further, the County must monitor its subrecipients to ensure they comply with the terms and conditions of the federal award.

To determine the appropriate level of monitoring, the County must evaluate each subrecipient's risk of noncompliance with federal requirements. For awards

dependent on participant eligibility, monitoring would include verifying the subrecipients only provided assistance to participants who met program eligibility requirements. The amount of verification would depend on each subrecipient's risk of noncompliance.

### *Description of Condition*

The County provided funds to one subrecipient to administer COVID-19 assistance programs to County households. The County did not include all required elements in the subaward, and it did not perform a risk assessment and sufficiently monitor the subrecipient, as federal regulations require.

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

The issue was not reported as a finding in the prior audit.

### *Cause of Condition*

County employees said they were not aware of all the elements that needed to be included in the subrecipient agreement. The County further said the required information was communicated to the subrecipient, but not in the agreement.

The County has worked with the subrecipient for more than 10 years, and management and staff thought a risk assessment performed yearly, rather than for each subaward, would comply with federal requirements.

Further, staff and management said they were not aware of the requirements for subrecipient monitoring for awards dependent on participant eligibility. Instead, they thought that reviewing detailed expenditure reports from the subrecipient was sufficient for complying with monitoring requirements.

### *Effect of Condition*

We found the County did not include required elements in its subrecipient agreement, such as the subrecipient's unique entity identifier, the federal award identification number (FAIN), federal award date and the Assistance Listing Number (ALN). Without this information, the subrecipient is at an increased risk of not knowing that the award comes from a federal program. This also increases the risk that the subrecipient would not know that they need to comply with specific program requirements, which could potentially lead to spending funds for unallowable purposes.

The County also did not complete a risk assessment for this subaward. Without performing a risk assessment, the County is at risk of not performing adequate monitoring and its subrecipient not complying with program requirements.

By not performing adequate monitoring, the County cannot be sure that its subrecipient used federal funds appropriately. Additionally, the County did not identify that the subrecipient used verbal attestations to collect beneficiary information instead of written attestations, as federal regulations require. As a result, we identified \$2,091,364 in unsupported payments to the subrecipient.

### ***Recommendation***

We recommend the County improve its internal controls to ensure compliance with federal requirements. Specifically, we recommend the County establish subaward agreements that include all required elements for all federal awards passed through to subrecipients. Additionally, we recommend the County assess subrecipients' risk for each subaward and sufficiently monitor them accordingly to verify they are complying with federal regulations and the terms and conditions of the subaward.

### ***County's Response***

*Grays Harbor County Public Health ("Public Health") would like to thank the State Auditor's Office for bringing these issues to Public Health's attention. Public Health is now in the process of identifying federal awards as subawards in subrecipient agreements by providing the information required by federal regulations, and including all applicable program requirements. Public Health will evaluate each subrecipient's risk of non-compliance with federal requirements by verifying that risk assessments have been completed, and by developing additional tools for subrecipient risk assessments. Public Health has also begun developing processes for organizing and documenting subrecipient monitoring activities. Such processes will include client file reviews and verification by Public Health supervisors. Public Health anticipates full implementation of these measures in the near future.*

### ***Auditor's Remarks***

We thank the County for its cooperation throughout the audit and the steps it is taking to address these concerns. We will review the status of the County's corrective action during our next audit.

### ***Applicable Laws and Regulations***

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

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

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

Title 2 CFR Part 200, Uniform Guidance, section 331, Subrecipient and contractor determinations, and 332, Requirements for pass-through entities, establishes the requirements for identifying whether the party is a subrecipient or contractor and subrecipient monitoring and management requirements for pass through entities.

## INDEPENDENT AUDITOR'S REPORT

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

#### **Grays Harbor County January 1, 2021 through December 31, 2021**

Board of Commissioners  
Grays Harbor County  
Montesano, 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 Grays Harbor County, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's financial statements, and have issued our report thereon dated September 20, 2022.

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

### **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

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

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

## **REPORT ON COMPLIANCE AND OTHER MATTERS**

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

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

## **PURPOSE OF THIS REPORT**

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

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

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

Pat McCarthy, State Auditor

Olympia, WA

September 20, 2022

## INDEPENDENT AUDITOR'S REPORT

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

### **Grays Harbor County January 1, 2021 through December 31, 2021**

Board of Commissioners  
Grays Harbor County  
Montesano, Washington

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

### **Adverse and Unmodified Opinions**

We have audited the compliance of Grays Harbor County, with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2021. The County's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

### **Adverse Opinion on 21.023 - Emergency Rental Assistance Program**

In our opinion, because of the significance of the matter described in the Basis for Adverse Opinion and Unmodified section of our report, the County did not comply, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on 21.023 – Emergency Rental Assistance Program for the year ended December 31, 2021.

### **Unmodified Opinion on Each of the Other Major Federal Programs**

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 other major federal programs identified in the accompanying schedule of findings and questioned costs for the year ended December 31, 2021.



## **Basis for Adverse and Unmodified Opinions**

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

## **Matter Giving Rise to Adverse Opinion on 21.023 - Emergency Rental Assistance Program**

As described in the accompanying schedule of findings and questioned costs, the County did not comply with the requirements regarding 21.023 – Emergency Rental Assistance Program as described in finding number 2021-002 for Subrecipient Monitoring. Compliance with such requirements is necessary, in our opinion for the County to comply with the requirements applicable to that program.

## **Responsibilities of Management for Compliance**

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

## **Auditor's Responsibilities for the Audit of Compliance**

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

is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

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

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

## **Other Matters**

The results of our auditing procedures also disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2021-001. Our opinion on each major federal program is not modified with respect to these matters.

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

## **County's Response to Findings**

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed

## **REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify deficiencies in internal control over compliance that we consider to be material weaknesses.

*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. We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Findings 2021-001 and 2021-002 to be material weaknesses.

*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.

### **County's Response to Findings**

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

## Purpose of this Report

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

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 20, 2022

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### **Grays Harbor County January 1, 2021 through December 31, 2021**

Board of Commissioners  
Grays Harbor County  
Montesano, Washington

## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

### **Unmodified and Adverse Opinions**

We have audited the financial statements of Grays Harbor County, as of and for the year ended December 31, 2021, and the related notes to the financial statements, as listed in the table of contents.

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

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash and investments of Grays Harbor County, and its changes in cash and investments, for the year ended December 31, 2021, on the basis of accounting described in Note 1.

### **Adverse Opinion on U.S. GAAP**

The financial statements referred to above were not intended to, and in our opinion, they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Grays Harbor County, as of December 31, 2021, or the changes in financial position or cash flows thereof for the year then ended, because of the significance of the matter discussed below.

## **Basis for Unmodified and Adverse Opinions**

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

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

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

## **Responsibilities of Management for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

## **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements. 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 20, 2022 on our consideration of the County's internal control over financial reporting and on the tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

Pat McCarthy, State Auditor

Olympia, WA

September 20, 2022



## **FINANCIAL SECTION**

### **Grays Harbor County January 1, 2021 through December 31, 2021**

#### **FINANCIAL STATEMENTS**

Fund Resources and Uses Arising from Cash Transactions – 2021  
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2021  
Notes to Financial Statements – 2021

#### **SUPPLEMENTARY AND OTHER INFORMATION**

Schedule of Liabilities – 2021  
Schedule of Expenditures of Federal Awards – 2021  
Notes to the Schedule of Expenditures of Federal Awards – 2021

**Grays Harbor County**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2021**

		<b>Total for All Funds (Memo Only)</b>	<b>001 General Fund</b>	<b>101 Special Projects</b>
<b>Beginning Cash and Investments</b>				
308	Beginning Cash and Investments	53,447,548	7,529,586	130,631
388 / 588	Net Adjustments	-	-	-
<b>Revenues</b>				
310	Taxes	41,079,049	19,157,851	-
320	Licenses and Permits	1,659,107	1,646,352	-
330	Intergovernmental Revenues	30,594,200	4,913,507	419,428
340	Charges for Goods and Services	19,381,111	3,810,460	-
350	Fines and Penalties	1,680,777	1,674,800	-
360	Miscellaneous Revenues	2,519,925	1,343,732	-
Total Revenues:		96,914,169	32,546,702	419,428
<b>Expenditures</b>				
510	General Government	19,632,834	14,980,769	-
520	Public Safety	20,066,343	16,028,823	49,498
530	Utilities	3,575,039	-	-
540	Transportation	14,053,314	-	-
550	Natural/Economic Environment	4,183,278	830,795	188,857
560	Social Services	15,413,350	1,084,569	-
570	Culture and Recreation	1,277,515	253,489	109,965
Total Expenditures:		78,201,673	33,178,445	348,320
Excess (Deficiency) Revenues over Expenditures:		18,712,496	(631,743)	71,108
<b>Other Increases in Fund Resources</b>				
391-393, 596	Debt Proceeds	1,076,501	-	-
397	Transfers-In	6,273,634	2,428,752	-
385	Special or Extraordinary Items	-	-	-
381, 382, 389, 395, 398	Other Resources	3,147,797	1,181,717	-
Total Other Increases in Fund Resources:		10,497,932	3,610,469	-
<b>Other Decreases in Fund Resources</b>				
594-595	Capital Expenditures	5,094,883	12,690	-
591-593, 599	Debt Service	1,536,120	-	-
597	Transfers-Out	6,273,635	1,485,831	-
585	Special or Extraordinary Items	-	-	-
581, 582, 589	Other Uses	200,275	100,000	-
Total Other Decreases in Fund Resources:		13,104,913	1,598,521	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>16,105,515</b>	<b>1,380,205</b>	<b>71,108</b>
<b>Ending Cash and Investments</b>				
50821	Nonspendable	-	-	-
50831	Restricted	39,973,229	-	35,325
50841	Committed	5,911,743	-	-
50851	Assigned	14,758,296	-	166,414
50891	Unassigned	8,909,793	8,909,793	-
<b>Total Ending Cash and Investments</b>		<b>69,553,061</b>	<b>8,909,793</b>	<b>201,739</b>

The accompanying notes are an integral part of this statement.

<b>102 Auditor's M &amp; O</b>	<b>103 Fair Event</b>	<b>104 Trial Court Improvement</b>	<b>105 Paths &amp; Trails</b>	<b>106 Law Library</b>	<b>107 Affordable Housing</b>
388,787	65,707	156,337	45,549	65,212	1,278,022
-	-	-	-	-	-
-	-	-	-	-	136,325
-	-	-	-	-	-
88,819	3,000	225,105	11,113	-	-
91,991	332,665	45,308	-	38,226	155,132
-	-	-	-	-	-
86	332,476	-	9	-	1,036
<u>180,896</u>	<u>668,141</u>	<u>270,413</u>	<u>11,122</u>	<u>38,226</u>	<u>292,493</u>
70,763	-	215,700	-	-	-
-	-	403	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	487	-	-	-	-
-	-	-	-	-	-
-	813,996	-	-	27,833	-
<u>70,763</u>	<u>814,483</u>	<u>216,103</u>	<u>-</u>	<u>27,833</u>	<u>-</u>
<u>110,133</u>	<u>(146,342)</u>	<u>54,310</u>	<u>11,122</u>	<u>10,393</u>	<u>292,493</u>
-	-	-	-	-	-
-	412,500	-	-	-	-
-	-	-	-	-	-
-	100,000	-	-	-	-
<u>-</u>	<u>512,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
17,124	97,706	69,984	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	100,000	-	-	-	-
<u>17,124</u>	<u>197,706</u>	<u>69,984</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>93,009</u></b>	<b><u>168,452</u></b>	<b><u>(15,674)</u></b>	<b><u>11,122</u></b>	<b><u>10,393</u></b>	<b><u>292,493</u></b>
-	-	-	-	-	-
481,796	-	140,664	56,671	75,605	1,570,515
-	234,159	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>481,796</u>	<u>234,159</u>	<u>140,664</u>	<u>56,671</u>	<u>75,605</u>	<u>1,570,515</u>

The accompanying notes are an integral part of this statement.

<b>108 Sheriff's Law Enforcement</b>	<b>109 Crime Victim Penalty Assm</b>	<b>110 Roads</b>	<b>111 Treasurer's M &amp; O</b>	<b>112 Stadium</b>	<b>113 GH Raceway</b>
140,263	136,691	5,626,068	259,686	3,749,136	21,418
-	-	-	-	-	-
-	-	7,768,194	132,170	3,160,258	-
-	-	2,200	-	-	-
-	51,408	5,573,640	-	-	-
-	112,676	231,704	13,698	-	4,747
-	164	-	-	-	-
4,335	399	75,325	214	3,077	18,537
4,335	164,647	13,651,063	146,082	3,163,335	23,284
-	98,914	-	157,484	-	-
13,305	-	-	-	-	-
-	-	-	-	-	-
-	-	11,303,002	-	-	-
-	-	-	-	1,011,368	-
-	-	-	-	-	-
-	-	-	-	-	24,799
13,305	98,914	11,303,002	157,484	1,011,368	24,799
(8,970)	65,733	2,348,061	(11,402)	2,151,967	(1,515)
-	-	-	-	-	-
-	-	-	-	-	9,610
-	-	-	-	-	-
-	-	1,343,545	-	-	-
-	-	1,343,545	-	-	9,610
-	-	562,927	-	-	-
-	-	-	-	-	-
-	-	98,643	-	621,059	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	661,570	-	621,059	-
(8,970)	65,733	3,030,036	(11,402)	1,530,908	8,095
-	-	-	-	-	-
131,292	202,425	8,656,105	248,283	5,280,043	-
-	-	-	-	-	29,513
-	-	-	-	-	-
-	-	-	-	-	-
131,292	202,425	8,656,105	248,283	5,280,043	29,513

The accompanying notes are an integral part of this statement.

<b>114 Veterans Relief</b>	<b>116 Election Reserve</b>	<b>117 Ab Landfill Postclosure</b>	<b>118 ORV Park</b>	<b>128 Federal Equitable Sharing</b>	<b>129 Public Health</b>
47,130	264,171	756,828	5,075	83,419	1,394,011
-	-	-	-	-	-
42,003	-	-	-	-	-
-	-	-	-	-	5,760
902	-	-	-	39,219	5,747,359
-	75,334	-	-	-	152,856
-	-	-	-	-	-
39	341	609	29,857	-	187,692
<u>42,944</u>	<u>75,675</u>	<u>609</u>	<u>29,857</u>	<u>39,219</u>	<u>6,093,667</u>
-	106,347	-	-	-	-
-	-	-	-	-	-
-	-	180,860	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
25,302	-	-	-	-	6,370,301
-	-	-	47,433	-	-
<u>25,302</u>	<u>106,347</u>	<u>180,860</u>	<u>47,433</u>	<u>-</u>	<u>6,370,301</u>
<u>17,642</u>	<u>(30,672)</u>	<u>(180,251)</u>	<u>(17,576)</u>	<u>39,219</u>	<u>(276,634)</u>
-	-	-	-	-	-
-	-	40,000	36,611	-	780,469
-	-	-	-	-	-
3,177	-	-	-	-	-
<u>3,177</u>	<u>-</u>	<u>40,000</u>	<u>36,611</u>	<u>-</u>	<u>780,469</u>
-	-	-	-	-	19,481
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,481</u>
<b>20,819</b>	<b>(30,672)</b>	<b>(140,251)</b>	<b>19,035</b>	<b>39,219</b>	<b>484,354</b>
-	-	-	-	-	-
67,949	121,469	-	-	122,638	1,878,365
-	112,031	616,577	24,111	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>67,949</u>	<u>233,500</u>	<u>616,577</u>	<u>24,111</u>	<u>122,638</u>	<u>1,878,365</u>

The accompanying notes are an integral part of this statement.

<b>130 RE Excise Tax Technology</b>	<b>131 Tax Refund</b>	<b>132 Excise/Revaluation</b>	<b>135 Emergency Communications</b>	<b>137 Public Safety Sales Tax</b>	<b>139 Chem Dep/MH/Therap Court</b>
128,005	14,284	115,114	-	2,350,561	4,546,551
-	-	-	-	-	-
-	-	-	3,905,911	2,712,695	1,626,926
-	-	-	-	-	-
-	-	14,377	-	-	110,274
-	-	14,178	-	-	-
-	-	-	-	-	-
-	-	-	398	98	3,696
-	-	28,555	3,906,309	2,712,793	1,740,896
-	-	37,627	-	-	165,517
-	-	-	3,906,309	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	75,897
-	-	-	-	-	-
-	-	37,627	3,906,309	-	241,414
-	-	(9,072)	-	2,712,793	1,499,482
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	454,758	-
-	-	-	-	-	-
-	-	-	-	1,995,316	711,092
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	2,450,074	711,092
-	-	(9,072)	-	262,719	788,390
-	-	-	-	-	-
128,005	14,284	106,042	-	-	5,334,942
-	-	-	-	-	-
-	-	-	-	2,613,280	-
-	-	-	-	-	-
<b>128,005</b>	<b>14,284</b>	<b>106,042</b>	<b>-</b>	<b>2,613,280</b>	<b>5,334,942</b>

The accompanying notes are an integral part of this statement.

<b>140 Mental Health</b>	<b>145 Homeless Housing</b>	<b>175 American Rescue Plan</b>	<b>201 LTGO Refunding Bonds 2012</b>	<b>203 Pavilion Bonds</b>	<b>206 LOCAL Program Fin-Energy</b>
920,055	2,586,045	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
846,213	4,956,233	7,289,860	-	-	-
-	981,966	-	-	-	-
-	-	-	-	-	-
799	1,384	-	-	-	-
<u>847,012</u>	<u>5,939,583</u>	<u>7,289,860</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	112,113	-	-	-
-	-	5,584	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
829,348	7,019,306	-	-	-	-
-	-	-	-	-	-
<u>829,348</u>	<u>7,019,306</u>	<u>117,697</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>17,664</u>	<u>(1,079,723)</u>	<u>7,172,163</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
186,554	-	-	783,300	65,520	45,250
-	-	-	-	-	-
-	-	-	-	-	-
<u>186,554</u>	<u>-</u>	<u>-</u>	<u>783,300</u>	<u>65,520</u>	<u>45,250</u>
-	-	-	-	-	-
-	-	-	783,300	65,520	45,251
220,000	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>220,000</u>	<u>-</u>	<u>-</u>	<u>783,300</u>	<u>65,520</u>	<u>45,251</u>
<b>(15,782)</b>	<b>(1,079,723)</b>	<b>7,172,163</b>	<b>-</b>	<b>-</b>	<b>(1)</b>
-	-	-	-	-	-
904,272	1,506,324	7,172,161	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>904,272</u>	<u>1,506,324</u>	<u>7,172,161</u>	<u>-</u>	<u>-</u>	<u>-</u>

The accompanying notes are an integral part of this statement.

<b>301 Facilities Capital</b>	<b>302 Software Replacement Reserve</b>	<b>303 Fair Bldg Construction</b>	<b>307 Cumula Res Construction</b>	<b>309 Capital Improvements</b>	<b>310 Distressed Area Capital</b>
747,963	238,112	47,017	1,235,640	707,470	2,110,596
-	-	-	-	-	-
-	-	-	-	907,980	1,492,020
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
26,964	-	-	44,814	363	1,813
<u>26,964</u>	<u>-</u>	<u>-</u>	<u>44,814</u>	<u>908,343</u>	<u>1,493,833</u>
295,262	-	-	-	-	-
62,421	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	271,236
-	-	-	8,627	-	-
-	-	-	-	-	-
<u>357,683</u>	<u>-</u>	<u>-</u>	<u>8,627</u>	<u>-</u>	<u>271,236</u>
<u>(330,719)</u>	<u>-</u>	<u>-</u>	<u>36,187</u>	<u>908,343</u>	<u>1,222,597</u>
-	-	-	-	-	-
815,068	275,000	-	-	-	-
-	-	-	-	-	-
174,349	-	-	300,000	-	-
<u>989,417</u>	<u>275,000</u>	<u>-</u>	<u>300,000</u>	<u>-</u>	<u>-</u>
571,330	72,885	12,110	88,683	-	-
-	-	-	-	-	81,600
-	-	-	310,100	394,930	383,270
-	-	-	-	-	-
-	-	-	-	-	-
<u>571,330</u>	<u>72,885</u>	<u>12,110</u>	<u>398,783</u>	<u>394,930</u>	<u>464,870</u>
<u>87,368</u>	<u>202,115</u>	<u>(12,110)</u>	<u>(62,596)</u>	<u>513,413</u>	<u>757,727</u>
-	-	-	-	-	-
-	-	-	-	1,220,883	2,868,322
835,329	440,227	34,907	1,173,044	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>835,329</u>	<u>440,227</u>	<u>34,907</u>	<u>1,173,044</u>	<u>1,220,883</u>	<u>2,868,322</u>

The accompanying notes are an integral part of this statement.



<b>401 Solid Waste Plan</b>	<b>402 Hogan's Corner Water System</b>	<b>403 Tax Title Management</b>	<b>404 PB Sewer M&amp;O</b>	<b>405 PB/Moclips Water Sys M&amp;O</b>	<b>406 North Beach Water System</b>
1,630,254	501,323	6,232,126	775,929	1,269,349	209,850
-	-	-	-	-	-
-	-	36,716	-	-	-
-	-	4,795	-	-	-
214,364	-	-	-	-	89,379
1,248,066	271,601	2,571,979	840,794	672,556	124,191
-	-	-	1,019	-	-
27,687	1,179	67,265	106,853	2,708	629
<u>1,490,117</u>	<u>272,780</u>	<u>2,680,755</u>	<u>948,666</u>	<u>675,264</u>	<u>214,199</u>
-	-	-	-	-	-
-	-	-	-	-	-
1,620,312	135,344	-	937,391	501,649	103,865
-	-	-	-	-	-
-	-	1,880,535	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,620,312</u>	<u>135,344</u>	<u>1,880,535</u>	<u>937,391</u>	<u>501,649</u>	<u>103,865</u>
<u>(130,195)</u>	<u>137,436</u>	<u>800,220</u>	<u>11,275</u>	<u>173,615</u>	<u>110,334</u>
-	-	-	-	1,076,501	-
-	50,000	-	215,000	40,000	-
-	-	-	-	-	-
1,500	-	109	-	-	-
<u>1,500</u>	<u>50,000</u>	<u>109</u>	<u>215,000</u>	<u>1,116,501</u>	<u>-</u>
84,969	-	68,705	20,451	1,150,735	113,186
132,200	149,035	-	157,205	67,943	-
40,000	-	4,797	4,027	-	-
-	-	-	-	-	-
-	-	275	-	-	-
<u>257,169</u>	<u>149,035</u>	<u>73,777</u>	<u>181,683</u>	<u>1,218,678</u>	<u>113,186</u>
<u>(385,864)</u>	<u>38,401</u>	<u>726,552</u>	<u>44,592</u>	<u>71,438</u>	<u>(2,852)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,244,390	539,725	6,958,678	820,520	1,340,787	206,998
-	-	-	-	-	-
<u>1,244,390</u>	<u>539,725</u>	<u>6,958,678</u>	<u>820,520</u>	<u>1,340,787</u>	<u>206,998</u>

The accompanying notes are an integral part of this statement.

<b>407 Illahee Oyehut Sewer System</b>	<b>501 Equipment Rental &amp; Revolving</b>	<b>503 Central Services</b>	<b>504 Management Services</b>
860,913	2,975,545	516,256	584,863
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
150,241	3,783,039	1,330,998	2,326,705
4,794	-	-	-
1,241	195,763	15,176	23,331
<u>156,276</u>	<u>3,978,802</u>	<u>1,346,174</u>	<u>2,350,036</u>
-	-	1,179,511	2,212,827
-	-	-	-
95,618	-	-	-
-	2,750,312	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>95,618</u>	<u>2,750,312</u>	<u>1,179,511</u>	<u>2,212,827</u>
<u>60,658</u>	<u>1,228,490</u>	<u>166,663</u>	<u>137,209</u>
-	-	-	-
-	90,000	-	-
-	-	-	-
-	43,400	-	-
<u>-</u>	<u>133,400</u>	<u>-</u>	<u>-</u>
-	1,626,121	51,038	-
54,066	-	-	-
-	4,570	-	-
-	-	-	-
-	-	-	-
<u>54,066</u>	<u>1,630,691</u>	<u>51,038</u>	<u>-</u>
<b>6,592</b>	<b>(268,801)</b>	<b>115,625</b>	<b>137,209</b>
-	-	-	-
-	1,648,849	-	-
-	1,057,893	631,881	722,071
867,504	-	-	-
-	-	-	-
<u>867,504</u>	<u>2,706,742</u>	<u>631,881</u>	<u>722,071</u>

The accompanying notes are an integral part of this statement.

**Grays Harbor County**  
**Fiduciary Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2021**

		<b>Total for All Funds (Memo Only)</b>	<b>Private-Purpose Trust</b>	<b>Custodial</b>	<b>External Investment Pool Fund</b>
308	Beginning Cash and Investments	95,243,180	3,435,903	30,940,190	60,867,087
388 & 588	Net Adjustments	-	-	-	-
310-390	Additions	309,506,647	2,978,409	262,985,787	43,542,451
510-590	Deductions	308,427,610	2,766,412	260,313,355	45,347,843
	Net Increase (Decrease) in Cash and Investments:	1,079,037	211,997	2,672,432	(1,805,392)
508	Ending Cash and Investments	96,322,214	3,647,900	33,612,619	59,061,695

*The accompanying notes are an integral part of this statement.*

**GRAYS HARBOR COUNTY, WASHINGTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**Note 1 - Summary of Significant Accounting Policies**

Grays Harbor County was incorporated on May 15, 1915 and operates under the laws of the state of Washington applicable to a county government. The County is a general purpose local government and provides the following services: public safety, road improvement, solid waste management, planning and zoning, parks and recreation, judicial administration, health and social services and general administrative services. The County also owns and operates water and waste water systems within the North Beach area of Grays Harbor County.

The 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. (see Notes to the Financial Statements).
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances for proprietary and fiduciary funds are presented using classifications that are different from the ending net position classifications in GAAP.

**A. Fund Accounting**

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used:

**GOVERNMENTAL FUND TYPES:**

**General Fund**

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

**Special Revenue Funds**

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

specified purposes of the government.

#### 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 Projects Funds

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

#### PROPRIETARY FUND TYPES:

##### Enterprise Funds

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

##### Internal Service Funds

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

#### FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the government in a trustee capacity or as a custodian 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 assets that the government holds on behalf of others in a custodial capacity.

#### B. Basis of Accounting and Measurement Focus

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

#### C. Cash and Investments

See Note 6, *Deposits and Investments*.

#### D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of 1 year. Capital assets and inventory are recorded as capital expenditures when purchased.

#### E. Compensated Absences

Vacation leave may be accumulated up to 240 hours and is payable upon separation or retirement. Sick leave may be accumulated up to 960 hours. Upon separation or retirement, employees may receive

payment for unused sick leave. Maximum allowable accrual for vacation and unused sick leave payment is set by union contract. Payments are recognized as expenditures when paid.

#### F. Long-Term Debt

See Note 4, *Long-Term Debt*

#### G. Restricted and Committed Portion of Ending Cash and Investments

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

Restrictions and commitments of Ending Cash and Investments consist of:

<b>Fund</b>	<b>Specific Purpose</b>		<b>Total</b>
<b>101</b>	Special Projects	Title III	\$35,325
<b>102</b>	Auditor's M&O	Restricted per RCW 36.22.170 and Resolution 89-64, installation and maintenance of a document management system	\$481,796
<b>103</b>	Fairgrounds & Events	Committed for fair operations	\$234,159
<b>104</b>	Trial Court Improvement	Restricted per RCW 3.58.060 and Ordinance 338	\$140,664
<b>105</b>	Paths & Trails	Restricted per RCW 47.30	\$56,671
<b>106</b>	Law Library	Restricted per RCW 27.24.010 & 070	\$75,605
<b>107</b>	Affordable Housing	Restricted for acquiring, rehabilitating, or constructing affordable housing, facilities providing supportive housing services, and O&M costs of new units of affordable or supportive housing. Funds derived from Housing Sales and Use Tax are restricted for related support opportunities, Ordinance 447.	\$1,570,515
<b>108</b>	Sheriff's Law Enforcement	Restricted for law enforcement purposes	\$131,292
<b>109</b>	Crime Victim Penalty	Restricted per RCW 7.69	\$202,425
<b>110</b>	Roads	Restricted per RCW 36.82.010	\$8,656,105
<b>111</b>	Treasurer's M&O	Restricted per RCW 84.56.020	\$248,283
<b>112</b>	Stadium/Tourism	Restricted per RCW 67.28 & Ordinance 98-248	\$5,280,043
<b>113</b>	GH Raceway	Committed for raceway operations	\$29,513
<b>114</b>	Veteran's Relief	Restricted per RCW 73.08.080	\$67,949
<b>116</b>	Election Reserve	Restricted and committed for expenses associated with conducting regular and special state and county elections, including maintenance and equipment replacement	\$233,499
<b>117</b>	Aberdeen Landfill Post-closure	Committed for post closure care and monitoring of landfill facilities	\$616,577
<b>118</b>	ORV Park	Committed for ORV Park operations	\$24,111

<b>Fund</b>		<b>Specific Purpose</b>	<b>Total</b>
<b>128</b>	Federal Equitable Sharing	Restricted for law enforcement purposes	\$122,638
<b>129</b>	Public Health & Social Services	Restricted for the administration of Public Health & Social Services	\$1,878,365
<b>130</b>	REET Electronic Technology	Restricted for development, implementation and maintenance of electronic process and reporting system for the real estate excise tax affidavits	\$128,005
<b>131</b>	Tax Refund	Restricted for refunding of over levied taxes	\$14,284
<b>132</b>	Excise/Revaluation Maintenance	Restricted per RCW 82.45.180(5)(c) and Resolution 2014-14 for maintenance and operation of annual revaluation system for property tax valuation and for the maintenance and operation of a reporting system for real estate excise tax affidavits	\$106,042
<b>139</b>	Chemical Dep/MH & Therapy/ITA Court	Restricted by RCW 82.14.460, Ordinance 382, and Resolution 2019-086 reserved for chemical dependency, mental health treatment and services for therapeutic court programs.	\$5,334,942
<b>140</b>	Developmental Disabilities	Restricted due to restrictions on grant revenue for mental health, substance abuse and developmental disabilities	\$904,272
<b>145</b>	Homeless Housing	Restricted for costs related to the homeless housing program and reducing homelessness	\$1,506,324
<b>175</b>	American Rescue Plan	Restricted for Coronavirus State and Local Fiscal Recovery	\$7,172,161
<b>301</b>	Facilities Capital	Committed for the acquisition or construction of general capital assets and improvements	\$835,329
<b>302</b>	Software Replacement	Committed for acquisition of major computer software systems	\$440,227
<b>303</b>	Fair Building Construction	Committed for acquisition or construction of buildings and improvements at the fairgrounds	\$34,907
<b>307</b>	Cumulative Reserve for Construction	Committed for costs of construction, alteration, or repair of any county building, road, bridge, or other structure	\$1,173,044
<b>309</b>	Capital Improvements	Restricted per RCW 35.43.040	\$1,220,883
<b>310</b>	Distressed Area Capital	Restricted per RCW 82.14.370	\$2,868,322
<b>501</b>	Equipment Rental & Revolving	Restricted per RCW 36.33A.010-060 and committed for replacement of equipment rental maintenance facilities, fueling systems and communication sites	\$2,706,742
<b>503</b>	Central Services	Committed for software development, purchases and support, computer purchases and replacement, and GIS related functions	\$631,881

Fund	Specific Purpose	Total
504	Management Services	Committed for insurance and risk management, human resources, budget, payroll services, grants and records management
		<b>Restricted and Committed Ending Cash</b>
		<b>\$45,884,972</b>

#### **Note 2 – Budget Compliance**

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

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

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

Fund/Dept	Fund/Department Name	Final Appropriated Amounts	Actual Expenditures	Variance
001	<u>General Fund:</u>			
010	Assessor <sup>[2]</sup>	\$1,579,045	\$1,500,573	\$78,472
011	Auditor <sup>[2]</sup>	963,471	562,463	401,008
013	Civil Service	21,211	20,965	246
014	Clerk	912,861	900,378	12,483
015	Commissioners	543,011	524,970	18,041
016	Environmental Health	749,885	731,678	18,207
017	Coroner	309,661	286,835	22,826
018	Facility Services	1,116,037	1,101,416	14,621
019	Corrections	5,479,724	5,178,395	301,329
020	LEOFF 1 Disability Board	9,034	6,396	2,638
021	Boundary Review Board	8,079	4,209	3,870
022	WSU Extension & Noxious Weed	361,953	327,367	34,586
023	Therapeutic Courts <sup>[2]</sup>	860,000	702,334	157,666
024	District Court	1,588,245	1,518,769	69,476
025	Emergency Management	987,229	345,714	641,515
026	Juvenile	2,210,303	2,166,273	44,030
027	LEOFF 1 Benefits	149,440	112,342	37,098
028	Planning & Building <sup>[2]</sup>	1,246,126	1,209,169	36,957
030	Prosecutor <sup>[2]</sup>	3,073,187	3,026,502	46,685
031	Security	430,586	362,684	67,902
032	Sheriff	8,024,796	7,427,397	597,399



Fund/Dept	Fund/Department Name	Final Appropriated Amounts	Actual Expenditures	Variance
033	Superior Court	1,202,276	1,167,666	34,610
034	Treasurer	600,439	579,890	20,549
035	Public Defense <sup>[2]</sup>	1,436,999	1,226,324	210,675
036	Park & Vegetation Management <sup>[2]</sup>	181,220	73,605	107,615
037	Advanced Expenditure	400,000	312,688	87,312
038	Non-Departmental	3,723,690	3,499,772	223,918
	<i>Total General Fund</i>	<i>\$38,168,508</i>	<i>\$34,876,776</i>	<i>\$3,291,733</i>
	<u>Miscellaneous Funds:</u>			
101	Special Projects	\$456,500	\$348,320	\$108,180
102	Auditor's M&O	134,707	87,886	46,821
103	Fairgrounds & Events	1,366,256	1,012,189	354,067
104	Trial Court Improvement	333,350	286,086	47,264
106	Law Library	34,125	27,833	6,292
107	Affordable Housing	450,000	0	450,000
108	Sheriff's Law Enforcement	100,000	13,305	86,695
109	Crime Victim	145,008	98,914	46,094
110	Roads	17,823,738	11,964,572	5,859,166
111	Treasurer's M&O	159,726	157,484	2,242
112	Stadium	870,931	563,559	307,372
112	Tourism	1,176,233	1,068,868	107,365
113	GH Raceway	35,710	24,799	10,911
114	Veterans Relief	40,300	25,302	14,998
116	Election Reserve	239,430	106,347	133,083
117	Aberdeen Landfill Post-closure	237,000	180,860	56,140
118	ORV Park	51,211	47,433	3,778
128	Federal Equitable Sharing	95,000	0	95,000
129	Public Health & Social Services	6,057,585	6,389,782	(332,197)
130	Real Estate Excise Tax Technology	2,000	0	2,000
132	Excise/Revaluation M&O	65,127	37,627	27,500
135	Emergency Communication Tax	3,800,000	3,906,309	(106,309)
137	Public Safety Sales Tax	3,440,807	2,450,074	990,733
139	Chemical Dependency/MH/Therapy Court <sup>[1]</sup> <sup>[2]</sup>	1,722,329	849,489	872,840
139	ITA Court <sup>[1]</sup> <sup>[2]</sup>	186,000	165,516	20,484
140	Developmental Disabilities <sup>[1]</sup>	834,836	829,348	5,488
140	MH/Dev Disability Services Levy <sup>[1]</sup>	220,000	220,000	0
145	Homeless Housing	10,985,773	7,019,306	3,966,467
175	American Rescue Plan	266,000	117,698	148,302
201	LTGO Refunding Bonds 2012	785,200	783,300	1,900

Fund/Dept	Fund/Department Name	Final Appropriated Amounts	Actual Expenditures	Variance
203	Pavilion Bonds	66,120	65,520	600
206	LOCAL Program Fin-Energy Retrofit	45,751	45,250	501
208	LOCAL Program Fin-Real Estate	20,625	0	20,625
301	Facilities Capital	1,351,000	929,014	421,986
302	Software Replacement Reserve	287,549	72,885	214,664
303	Fair Building Construction	242,200	12,110	230,090
307	Cumulative Reserve Construction	486,800	407,410	79,390
309	Capital Improvements	394,930	394,930	0
310	Distressed Area Capital	2,293,648	736,107	1,557,541
401	Solid Waste Plan	2,634,992	1,877,481	757,511
402	Hogan's Corner Water System	381,263	284,378	96,885
403	Tax Title Management	1,989,474	1,954,312	35,162
404	Pacific Beach Sewer M&O <sup>[1]</sup>	1,160,144	1,119,075	41,069
404	Pacific Beach Sewer SRF Loan Reserve <sup>[1]</sup>	100	0	100
404	Pacific Beach Sewer Bond ULID #7 <sup>[1]</sup>	306	0	306
405	Pacific Beach/Moclips Water Sys M&O	2,144,102	1,720,326	423,776
406	North Beach Water System	362,139	217,051	145,088
407	Illahee Oyhut Sewer System	257,412	149,685	107,727
501	Equipment Rental & Revolving <sup>[1]</sup>	3,331,821	3,157,200	174,621
501	Equipment Rental & Revolving Replacement <sup>[1]</sup>	1,115,000	1,095,748	19,252
501	Maintenance Facility <sup>[1]</sup>	150,000	102,917	47,083
501	Communications Facility <sup>[1]</sup>	30,000	25,138	4,862
503	Central Services <sup>[1] [2]</sup>	1,333,198	1,246,429	86,769
503	Central Services Replacement <sup>[1] [2]</sup>	20,000	4,119	15,881
504	Management Services	2,584,191	2,212,828	371,363
	<i>Total Miscellaneous Funds</i>	<i>\$74,797,647</i>	<i>\$56,612,119</i>	<i>\$18,841,495</i>
	<b>Total County Funds</b>	<b>\$112,966,155</b>	<b>\$91,488,895</b>	<b>\$21,477,260</b>

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

The County had two funds exceed their appropriations at 12/31/2021. The Emergency Communications Tax Fund disbursed \$106,309 more than the legally authorized budget allowed. The Public Health and Social Services Fund exceeded its appropriations \$332,197 after the correction of a coding error.

- <sup>[1]</sup> The Budget does not reflect the consolidation of managerial funds contained in the

Financial Statements.

- <sup>[2]</sup> The Budget does not reflect the intra fund transfer eliminations contained in the Financial Statements.

### **Note 3 - Property Tax**

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

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

The County's General Fund levy for the year 2021 was \$1.4233377 per \$1,000 on an assessed valuation of \$8,100,484,687 for a total regular levy of \$11,529,723. There was also a levy for Veteran's Relief of \$0.0049379 per \$1,000 on assessed valuation for a total of \$40,000. The levies for General Fund and Veteran's Relief total \$11,569,723.

The County is also authorized to levy \$2.25 per \$1,000 of assessed valuation in unincorporated areas for road construction and maintenance. This levy is subject to the same limitations as the levy for general government services. The County's road levy for 2021 was \$1.8929310 per \$1,000 on an assessed valuation of \$3,438,504,531 for a total road levy of \$6,508,851.

### **Note 4 – Long-Term Debt**

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the County and summarizes the County's debt transactions for year ended December 31, 2021.

The debt service requirements for general obligation bonds and intergovernmental loans are as follows:

Year	Principal	Interest	Total
2022	\$1,294,258	\$107,183	\$1,401,441
2023	612,202	76,644	688,846
2024	427,986	67,126	495,112
2025	429,934	62,502	492,436
2026	431,933	57,827	489,760
2027-2031	1,777,513	221,310	1,998,823
2032-2036	794,811	130,326	925,137
2037-2041	421,423	57,687	479,110
2042-2046	306,970	20,627	327,597
<b>Total Debt Service</b>	<b>\$6,497,029</b>	<b>\$801,233</b>	<b>\$7,298,260</b>

**Note 5 – Interfund Loans**

Interfund loan activity as of December 31, 2021:

Borrowing Fund	Lending Fund	1/01/21 Balance	New Loans	Payments	12/31/21 Balance
<b>103 - Fair Event</b>	037 - General Fund	\$0	\$100,000	\$ 100,000	\$0
	<b>Total Interfund Loans</b>	<b>\$0</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$0</b>

**Note 6 – Deposits and Investments**Deposits and Investments

Investments are reported at cost. Deposits and investments by type at December 31, 2021 are as follows:

Type of Deposit or Investment	Grays Harbor County's own deposits and investments	Deposits and Investments held by the county as a custodian for other local governments, individuals or private organizations.	Total
<b>Bank Deposits</b>	\$865,499	\$37,260,522	\$38,126,019
<b>Certificates of Deposit</b>			
<b>Local Government Investment Pool</b>	40,871,710	55,625,629	96,497,339
<b>U.S. Government Securities</b>	8,845,851		8,845,851
<b>Other</b>	4,350,000		4,350,000
<b>Money Market</b>	14,620,000	3,436,066	18,056,066
<b>Total Deposits &amp; Investments</b>	<b>\$69,553,060</b>	<b>\$96,322,217</b>	<b>\$165,875,275</b>

It is the County's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds.

Investments in the State Local Government Investment Pool (LGIP)

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

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

0200, online at [www.tre.wa.gov](http://www.tre.wa.gov).

#### Custodial Credit Risk

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

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

#### Compensating Balances

Grays Harbor County maintains compensating balances in lieu of payment for banking services. The County established a money market account at Bank of the Pacific for this purpose. At Key Bank, checking account balances provide for daily cash liquidity and act as a compensating balance. The average combined balance needed to support services in 2021 was \$21,399,952.

#### **Note 7 - External Investment Pool**

The External Investment Pool sponsored by the County was established more than 10 years ago. Revised Code of Washington (RCW) 36.29.022, 36.29.010, 36.29.020, authorize the County Treasurer to invest its surplus cash and any funds of municipal corporations which are not required for immediate expenditure and are in the custody or control of the County Treasurer. The External Investment Pool's investments are invested pursuant to the Revised Code of Washington. Any credits or payments to pool participants are calculated and made in a manner as required by RCW 36.29.024.

The investments are managed by the Treasurer, which reports investment activity to the County Finance Committee on a quarterly basis. Additionally, the County Treasurer investment activity is subject to an annual investment policy review, compliance oversight, quarterly financial review, and annual financial reporting. The County has not provided nor obtained any legally binding guarantees during the year ended December 31, 2021, to support the value of shares in the Pool.

The External Investment Pool is not registered with the SEC and is not subject to any formal oversight other than that provided by the County Finance Committee. The Committee is responsible for adopting investment objectives and policies, for hiring investment advisors, and for monitoring policy implementation and investment performance. The Committee's primary role is to oversee the allocation of the Pool's portfolio among the asset classes, investment vehicles, and investment managers.

The interest or other earnings of income from the funds of any municipal corporation of which the governing body has not taken any action pertaining to the investment of funds and that have been invested in accordance with state statutes, shall be deposited in the general fund of the county and may be used for general county purposes. The total amount of income from the External Investment Pool assigned to the County's general fund for the year was \$0.00. These investments made by the County Treasurer on behalf of the participants is involuntary participation in the County Treasurer's Investment Pool, as they are required to be invested by statute.

0% of the County Treasurer's Pool consists of these involuntary participants. Voluntary participants in the County Treasurer's Pool include E911, Grays Harbor Transit Authority, all fire protection districts, school and water districts, and local drainage district. The deposits held for both involuntary and voluntary entities are included in the External Investment Pool as defined by the State of Washington. The Treasurer does not maintain Individual Investment Accounts.

#### **Note 8 – Other Post-Employment Benefits**

##### **Public Employees Benefits Board (PEBB)**

Grays Harbor County is a participating employer in the state's Public Employees Benefits Board (PEBB) program, a defined benefit plan administered by the Washington State Health Care Authority (HCA). The plan provides medical benefits for public employees and retirees and their dependents on a pay-as-you-go basis. The plan provides OPEB benefits through both explicit and implicit subsidies. The explicit subsidy is a set dollar amount that lowers the monthly premium paid by members over the age of 65 enrolled in Medicare parts A and B. PEBB determines the amount of the explicit subsidy annually. The implicit subsidy results from the inclusion of active and non-Medicare eligible retirees in the same pool when determining premiums. There is an implicit subsidy from active employees since the premiums paid by retirees are lower than they would have been if the retirees were insured separately. As of December 31, 2021, the County had 224 active plan members and 105 retired plan members. The county contributed \$3,157,848 to the plan for the year. Total OPEB liability was \$16,191,925 as calculated using the alternative measurement method.

##### **LEOFF 1 Retiree Medical Plan**

The LEOFF I Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by Grays Harbor County as required by RCW 41.26.150. The plan pays for 100% of eligible retirees' healthcare costs on a pay-as-you-go basis. As of December 31, 2021, the plan had twelve members, one active elected official and eleven retirees. The county contributed \$112,342 to the plan for the year. Total OPEB liability was \$6,335,720 as calculated using the alternative measurement method.

#### **Note 9 – Pension Plans**

##### **State Sponsored Pension Plans**

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

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

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

Department of Retirement Systems  
Communications Unit  
P.O. Box 48380  
Olympia, WA 98540-8380

Also, the DRS ACFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

At June 30, 2021, the County's proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$1,066,531	0.143180%	\$1,748,563
PERS 2/3	\$1,496,674	0.157998%	(\$15,739,143)
PSERS 2	\$203,864	0.417692%	(\$959,601)
LEOFF 1	\$0	0.028709%	(\$983,445)
LEOFF 2	\$180,533	0.090564%	(\$5,260,332)

#### LEOFF Plan 1

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

#### LEOFF Plan 2

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

#### Defined Contribution Pension Plans

Grays Harbor County employees can choose to enroll in a Deferred Compensation 457b plan administered by Nationwide Retirement Solutions that provides optional retirement savings. Traditional 457b plan (pre-tax) and Designated Roth (after-tax) options are available. The County will match the amount applicable as negotiated by the differing union contracts and withhold from the employee's paychecks monthly deductions authorized by the employee. Under the current union contract the County agrees to match an employee's pre-taxed deferred compensation contribution up to a maximum of \$50.00 for Courthouse & Public Works contracts and \$65.00 for Teamsters contract each calendar month. The county contributed \$176,045 to the plan for the year ended December 31, 2021.

#### **Note 10 - Joint Ventures & Intergovernmental Agreements**

##### **Joint Venture**

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

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

Activity for the year ended December 31, 2021 is as follows:

	Total	County
Revenue	\$358,518	\$289,419
Expenditures	\$1,085,773	\$704,093

##### **Intergovernmental Agreement**

The County and counties of Lewis, Mason, and Thurston have agreed to participate in the Chehalis Basin Partnership (CBP) through an Intergovernmental Agreement. The four counties support the collaboration among the Chehalis Basin Watershed communities to implement a comprehensive strategy for balancing competing demands for water, while at the same time preserving and enhancing the future integrity of the Chehalis Basin Watershed.

The County and Confederated Tribes of the Chehalis Reservation entered into a memorandum of agreement for the purposes of:

- Securing a Watershed Coordinator to assist the CBP in the implementation of the Chehalis Basin Watershed Management Plan and the Detailed Implementation Plan; and
- Securing a Lead Entity Coordinator to assist the Grays Harbor/Chehalis Basin Lead Entity for Salmon Recovery in the coordination and implementation of the WRIA 22-23 Chehalis Basin Salmon Habitat Restoration and Preservation Work Plan.

Funding for the Watershed Coordinator will come from donations or other grant sources and funding for the Lead Entity Coordinator will come from the Washington State Recreation and Conservation Office (RCO).

The County shall reimburse the Confederated Tribes for expenses of the Watershed Coordinator/Lead Entity Coordinator in an amount up to \$90,000.

Revenues and expenditures for 2021 are as follows:

Description	Revenue	Expenditures
CBP Watershed Facilitator	\$25,000	\$0
RCO Lead Entity Grant	79,373	89,935
<b><i>Total Revenue and Expenditures</i></b>	<b><i>\$104,373</i></b>	<b><i>\$89,935</i></b>



## **Note 11 – Contingencies & Litigation**

### **Miscellaneous Claims**

The County is occasionally the defendant in various claims including emotional distress, personal injury, property damage, false arrests, jail complaints, and civil rights violations. There were nineteen (19) outstanding or possible claims as of January 1, 2022. The County is defending and expects to prevail, settle or have these claims dismissed for lack of merit.

### **Civil Real Property Forfeitures**

There are eight (8) civil cases pending in Superior Court stemming from illegal marijuana grow operations in Grays Harbor County. It is anticipated that these cases will settle, with a possibility of having to pay minimal attorney fees.

### **Blake Decision**

Beginning in the 1970s, Grays Harbor County prosecuted defendants under Washington State's ("State") strict liability drug possession statute, RCW 69.50.4013. In February 2021, the Washington Supreme Court declared in State v. Blake (cause no. 96873-0) that RCW 69.50.4013 and its predecessor statutes (collectively "RCW 69.50.4013") were unconstitutional.

*Blake* resulted in an unprecedented number of post-conviction motions for relief filed in Grays Harbor County Superior Court. Such motions involve either vacating a defendant's sentence or resentencing a defendant, and providing reimbursement for legal financial obligations paid by the defendant ("LFO reimbursement"). The process of vacating sentences and resentencing has had profound impacts in various County elected offices, including but not limited to the Prosecutor, Clerk, and Auditor, and departments including but not limited to public defense and finance.

Because cases affected by *Blake* were pursued under State statute, the County maintains that the State is liable (1) for extraordinary costs associated with resentencing and vacating sentences of defendants affected by *Blake* ("Extraordinary Expenses"), and (2) for costs for LFO Reimbursement. The County will code any monies received or remitted accordingly.

In 2021, the State, through its Office of Public Defense, provided funds to the County for the provision of indigent defense representation in *Blake* motions. In January 2022, the State, through its Administrative Office of the Courts ("AOC") entered into an agreement ("Agreement") with the County that obligates the AOC to reimburse the County for up to one million one hundred sixty-six thousand five hundred dollars (\$1,166,500.00) for Extraordinary Expenses and up to three hundred twenty-six thousand nine hundred ninety-eight dollars (\$326,998.00) for LFO Reimbursement. To date, the County has received no money pursuant to the Agreement.

At this time, the County does not have the information necessary to make an estimate of the extent of liability.

## **Note 12 – Risk Management**

Grays Harbor 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, 2021, 24 counties participate in the WCRP.

The Pool allows members to jointly establish a plan of self-insurance, and provides related services, such as risk management, education, and claims administration. The Pool's liability program provides coverage for general liability, public officials liability, police professional liability, employment practices liability, and automobile liability. WCRP provides liability limits of \$20,000,000 and currently retains \$2,000,000 million per occurrence. County deductibles range from \$10,000 to \$500,000. Reinsurance is purchased in several layers up to the policy limits of \$10,000,000. Members may purchase an optional \$5,000,000 excess of \$20,000,000 layer of coverage. Allocated Loss Adjustment Expense (ALAE) is combined with losses for purposes of the Pool retention, excess insurance, and deductibles. For losses occurring in 2021, Grays Harbor County selected a per-occurrence deductible of \$25,000.

Members make an annual contribution to fund the Pool. The Pool acquires excess and reinsurance for further protection from larger losses. For the first \$10,000,000 of coverage, the Pool acquires reinsurance. The reinsurance agreements are written with Self-Insured Retentions ("SIRs") equal to the amount of the layer of coverage below. For 2020-21, the Pool's SIR was \$2,000,000. For certain years prior to 2019, reinsurance programs have included "corridor deductibles" with aggregated stop losses which have the effect of increasing the Pool's SIR. For 2018-19, the "corridor" increased the SIR to \$2,000,000, with losses between \$1,000,000 and \$2,000,000 having an annual aggregated stop loss of \$2,500,000. The other reinsurance agreements respond up to the applicable policy limits and the agreements contain aggregate limits for the maximum annual reimbursements to the Pool of \$30,000,000 (lowest reinsured layer), \$50 million, (second layer). The Pool purchases excess coverage for the additional \$10,000,000 with an aggregate limit of \$100,000,000. Since the Pool is a cooperative program, there is a joint liability among the participating members. Sixteen of the Pool's 24 members counties group purchase an additional \$5,000,000 policy in excess of the pooled \$20,000,000.

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

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

During 2020-21, Grays Harbor County was also one of twenty-six (26) counties which participated in the Washington Counties Property Program (WCPP). Two members withdrew from the WCRP during the 2020-21 Fiscal Year. 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.

Grays Harbor County also participates in the jointly purchased cyber risk and security coverage from a highly rated commercial insurer. This group-purchased cyber coverage provides limits of \$2,000,000 per claim and \$10,000,000 in the aggregate. For 2021, the Pool's SIR for cyber claims was \$100,000 from January 1 through September 30 and was \$250,000 from October 1 through December 31, with Grays Harbor County having no deductible.

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 review the Pool's financial health, b) approve case settlements exceeding the applicable member's deductible by at least \$100,000, c) to authorize by two-thirds majority vote commencement of lawsuits in the name of the Pool.

During 2020-21, the WCRP's assets decreased to \$53,351,913 while its liabilities also decreased to \$27,509,338. The Pool's net position ended at \$26,624,589. The Pool more than satisfies the State Risk Manager's solvency requirements (WAC 200.100.03001). The Pool is a cooperative program with joint liability amongst its participating members.

Deficits of the Pool resulting from any fiscal year are financed by reassessments of the deficient year's membership in proportion with the initially levied and collected deposit assessments. The Pool's reassessments receivable balance as of December 31, 2021 was zero (\$0). As such, there were no known contingent liabilities at that time for disclosure by the member counties.

#### **Note 13 – Landfill Post-Closure Agreement**

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

Under the agreement, the Company increased tipping fees to provide funds for closure and post-closure

activities. The Company is responsible for all costs associated with the closure of the facility.

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

The minimum post-closure period is 20 years; however, post-closure activities will be required for as long as the Landfill is producing contaminated leachate or landfill gas. The County used a 30-year factor when establishing the increase of current tipping fees to fund the post-closure activities. Future post-closure costs are estimated by the County to be approximately \$150,000 per year as the result of the installation of a leachate pipeline in 2013. This amount is subject to change due to inflation, technology, and or regulation. Accumulated funds from the increase in tipping fees, which ceased when the Landfill closed in 1994, are anticipated to fully pay for the post-closure costs throughout the 30 years.

In 2014 the County entered into a 20 years contract extension with Waste Connections, Inc. (dba LeMay Enterprises, Inc.) for the operation of the central transfer station and disposal of the waste. As per section 13 of the contract; the landfill agreement remains in full force and effect and the County shall continue to maintain the post closure account.

#### **Note 14 – Asset Retirement Obligations**

##### **Underground Storage Tanks**

The County has four waste oil tanks (one 1,100 gallon and three 2,000 gallon tanks) and six underground fuel storage tanks (five 4,000 gallon and one 10,000 gallon tank). Under state law, the County is not required to decommission the tanks at any set date to our knowledge. In 2021 underground tanks were removed and replaced with an above ground tank at the Cosmopolis location. The County plans to replace the underground tanks with above ground or new underground at remaining sites over the next 12 years. The County will incur estimated costs of \$1,500,000 related to the projects. These liabilities are reported on the Schedule of Liabilities. During 2021 the County paid \$378,000 for the related work.

##### **Wells**

The County has sixteen wells, five that have low to moderate potential to be decommissioned over the next 20 years. Per WAC 173-160-381, any well which is unusable, abandoned, or whose use has been permanently discontinued, or which is in such disrepair that its continued use is impractical or is an environmental, safety or public health hazard shall be decommissioned. The County will incur estimated costs of \$160,000 related to decommissioning. These liabilities are reported on the Schedule of Liabilities. During 2021 the County paid \$0 for the related work.

#### **Note 15 – COVID-19 Pandemic**

In February 2020, the Governor of Washington declared a state of emergency in response to the spread of the deadly new virus known as COVID-19. In the months following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures included closing schools, cancelling public events limiting public and private gatherings, and restricting business operations, travel, and non-essential activities.

In March of 2020, Grays Harbor County declared a state of emergency as well as each city within Grays Harbor County. This furthered the State's restrictions to the local level with branches of government having to close in an effort to reduce disease activity. Grays Harbor County Public Health and Social Services responded to this pandemic by activating their emergency operations plan. This included requesting assistance which resulted in forming a unified command with Grays Harbor County Department of Emergency Management.

A Type 3 Incident Management Team (IMT) was formulated with assistance from Homeland Security Region 3, local Fire and Law Enforcement agencies, and County departments. Finances for this IMT were handled through Grays Harbor County Sheriff's Office Accounting Department in partnership with Public Health finance staff.

Grays Harbor County was awarded \$5,562,000 of Coronavirus Relief Funds (CRF) from the United States Treasury Department. In January of 2021, Grays Harbor County transitioned response tactics to focus local vaccination efforts. Funding has been provided to Grays Harbor County from the Federal Emergency Management Agency (FEMA) through Washington State Department of Health (DOH) to cover 100% of costs incurred performing any Mass Vaccination efforts. This funding source is from January 21, 2021 through July 20, 2021.

Grays Harbor County Public Health has continued COVID-19 operations with local, state, and federal supports. Mass vaccination efforts transitioned to in house clinics, recruitment of local providers, school clinics and mobile outreach. Testing strategies transitioned from community based testing efforts to contracted Curative and Discovery Health Kiosk's. These efforts will continue as long as there are funding streams to support.

In March of 2022, Grays Harbor County Public Health dismantled the case and contact tracing team and will focus on identified prioritized populations. In addition, our isolation and quarantine facility has closed and services will be coordinated through community collaborations.

Grays Harbor County will continue efforts to respond to the COVID-19 Pandemic as long as needed. Numerous funding sources have been identified to cover response costs. The full extent of the financial impact on the Grays Harbor County budget is unknown at this time.

#### **Note 16 – American Rescue Plan Act**

President Joe Biden signed the American Rescue Plan Act (ARP) into law in 2021. The U.S. Treasury estimates \$14,560,000 will be allocated to Grays Harbor County and will oversee and administer these payments in two tranches – with 50 percent received on June 18, 2021 and the remaining 50 percent anticipated to be received June of 2022. At this time the County has received \$7,289,859.50. The funds must be spent by December 31, 2026.

#### **Note 17 – Construction Commitment**

The County has an active construction project as of December 31, 2021. The project includes installation of a 30 foot diameter by 25 foot tall concrete water tank, a 40 foot by 60 foot pole building, booster pumps, booster pump piping and appurtenances, electrical and controls and associated tank site piping

and tank site work.

At year-end the County's commitment with contractors are as follows:

Project	Spent to Date	Remaining Commitment
Pacific Beach/Moclips Water System Upgrades	\$1,076,500	\$33,953

The project is fully financed with a loan from Washington State Department of Health, Drinking Water State Revolving Fund.

**Note 18 – Miscellaneous**

Added a new fund – Fund 175 American Rescue Plan

**Note 19 – Subsequent Events**

1. The County paid off the refunding bonds 6/1/2022 which was earlier than scheduled (debt service requirements) and is showing on the Schedule 09.
2. The County received the second tranche of state and local fiscal funding 6/22/2022 in the amount of \$7,289,859.50.

**Grays Harbor County  
Schedule of Liabilities  
For the Year Ended December 31, 2021**

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>General Obligation Debt/Liabilities</b>						
251.11	Limited Tax GO Bonds 2012	12/1/2023	1,590,000	-	735,000	855,000
251.11	Limited Tax GO Bonds 2016 - FG	12/1/2046	1,265,426	-	42,198	1,223,228
263.81	CERB Loan C2001-141	7/22/2022	76,433	-	38,026	38,407
263.81	CERB Loan C1999-122PW	7/23/2023	123,458	-	40,341	83,117
263.96	Local Program 0121-3-1	6/1/2023	126,084	-	39,945	86,139
263.96	Local Program 0121-4-1	6/1/2026	110,000	-	110,000	-
<b>Total General Obligation Debt/Liabilities:</b>			<b>3,291,401</b>	<b>-</b>	<b>1,005,510</b>	<b>2,285,891</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
263.82	DWSRF 2009	10/1/2028	1,103,958	-	137,995	965,963
263.82	SRF Loan 2016	1/1/2039	715,197	-	34,882	680,315
263.88	PWTF Loan 2012	6/1/2031	1,682,975	-	152,998	1,529,977
263.82	DOH/DWSRF 2019	10/1/2038	11,880	1,076,501	53,498	1,034,883
259.12	Compensated Absences Liability-Govtl		1,691,654	50,502	-	1,742,156
259.12	Compensated Absences Liability-Prop		303,552	922	-	304,474
264.30	Pension Liabilities		6,713,424	-	4,964,861	1,748,563
264.40	OPEB Liabilities - PEBB		19,538,288	-	3,346,363	16,191,925
264.40	OPEB Liabilities - LEOFF1		6,793,462	-	457,742	6,335,720
263.93	Asset Retirement Obligation - Underground Tanks		-	1,878,000	378,000	1,500,000
263.93	Asset Retirement Obligation - Wells		-	160,000	-	160,000
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>38,554,390</b>	<b>3,165,925</b>	<b>9,526,339</b>	<b>32,193,976</b>
<b>Total Liabilities:</b>			<b>41,845,791</b>	<b>3,165,925</b>	<b>10,531,849</b>	<b>34,479,867</b>

**Grays Harbor County**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2021**

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			
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA ST Department of Health)	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	CLH18245	3,023	-	3,023	1	
		10.557	CLH18245	9,731	-	9,731	1	
		10.557	CLH18245	36,227	-	36,227	1	
		10.557	CLH18245	290,945	-	290,945	1	
Total CFDA 10.557:				339,926	-	339,926	-	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA ST Department of Health)	WIC Farmers' Market Nutrition Program (FMNP)	10.572	CLH18245	315	-	315	1	
		Forest Service Schools and Roads Cluster						
		10.665	Title I	-	116,186	116,186	-	
		Total Forest Service Schools and Roads Cluster:				-	116,186	116,186
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via WA ST Department of Commerce)	COVID 19 - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	20-6221C-112	18,674	-	18,674	1	
		Assistant Secretary for Community Planning and Development, Housing and Urban Development, Department of (via WA State Dept of Commerce)						
		14.228	19-62210-006	33,650	-	33,650	33,650	1

The accompanying notes are an integral part of this schedule.



ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via WA ST Department of Commerce)	14,228	20-62210-006	102,945	-	102,945	102,945	1
Community Development Block Grants/State's program and Non- Entitlement Grants in Hawaii							
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via WA ST Department of Commerce)	14,228	20-6221C-112	158,587	-	158,587	158,587	1
COVID 19 - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii							
<b>Total CFDA 14.228:</b>			<b>313,856</b>	-	<b>313,856</b>	<b>295,182</b>	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via WA ST Department of Commerce)	14,231	20-4613C-109	28,335	-	28,335	-	1
COVID 19 - Emergency Solutions Grant Program							
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via WA ST Department of Commerce)	14,231	20-4613C-109	165,004	-	165,004	165,004	1
COVID 19 - Emergency Solutions Grant Program							
<b>Total CFDA 14.231:</b>			<b>193,339</b>	-	<b>193,339</b>	<b>165,004</b>	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Washington State Department of Commerce)	14,267	WA0415LOT012 002	-	157	157	-	1
Continuum of Care Program							
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Washington State Department of Commerce)	14,267	WA0415LOT011 901	-	1,048	1,048	-	1
Continuum of Care Program							
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Washington State Department of Commerce)	14,267	WA0454DOT119 00	-	1,499	1,499	-	1
Continuum of Care Program							

The accompanying notes are an integral part of this schedule.

ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Washington State Department of Commerce)	Continuum of Care Program	14.267	WA0454LOT012 001	-	3,453	3,453	3,453	1
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Washington State Department of Commerce)	Continuum of Care Program	14.267	WA0415LOT012 002	-	14,359	14,359	14,359	1
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Washington State Department of Commerce)	Continuum of Care Program	14.267	WA0454DOT119 00	-	33,190	33,190	33,190	1
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Washington State Department of Commerce)	Continuum of Care Program	14.267	WA0415LOT011 901	-	155,779	155,779	155,779	1
<b>Total CFDA 14.267:</b>				-	<b>209,485</b>	<b>209,485</b>	<b>206,781</b>	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Drug Court Discretionary Grant Program	16.585	2017-DC-BX- 0032	-	18,699	18,699	-	1
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Bulletproof Vest Partnership Program	16.607	ID#481014014	-	186	186	-	1
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Bulletproof Vest Partnership Program	16.607	481014014 FY2019	-	3,527	3,527	-	1
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Bulletproof Vest Partnership Program	16.607	481014014 FY2020	-	3,713	3,713	-	1
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Bulletproof Vest Partnership Program	16.607	481014014 FY2021	-	7,530	7,530	-	1
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Bulletproof Vest Partnership Program	16.607	481014014 FY2019	-	14,005	14,005	-	1
<b>Total CFDA 16.607:</b>				-	<b>28,961</b>	<b>28,961</b>	-	

The accompanying notes are an integral part of this schedule.

OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via WA St Dept of Commerce)	Edward Byrne Memorial Justice Assistance Grant Program	16.738	F17-31440-001	10,335	-	10,335	-	1
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via WA St Dept of Commerce)	Edward Byrne Memorial Justice Assistance Grant Program	16.738	F17-31440-001	15,197	-	15,197	-	1
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via WA St Dept of Commerce)	Edward Byrne Memorial Justice Assistance Grant Program	16.738	F17-31440-201, F18-31440-001	16,034	-	16,034	-	1
<b>Total CFDA 16.738:</b>				<b>41,566</b>	-	<b>41,566</b>	-	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via Dept of Justice)	Comprehensive Opioid, Stimulant, and Substance Abuse Program	16.838	2017-AR-BX- K003	320,166	-	320,166	-	1
<b>Highway Planning and Construction Cluster</b>								
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	BRS2014(100)LA -8566	202	-	202	-	1
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	ER-1502(007) LA-8575	3,996	-	3,996	-	1
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	BROS- 2014(109) LA- 10078	5,478	-	5,478	-	1
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	STAR-A141(002)	20,224	-	20,224	-	1
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	TAP-2014(106) LA-9708	28,319	-	28,319	-	1
<b>Total Highway Planning and Construction Cluster:</b>				<b>58,219</b>	-	<b>58,219</b>	-	
<b>Highway Safety Cluster</b>								

The accompanying notes are an integral part of this schedule.

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA Assn Sheriff & Police Chiefs)	State and Community Highway Safety	20.600	LOU	706	-	706	-	1
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA Traffic Safety Commission)	State and Community Highway Safety	20.600	2021-HVE-4059-Region 2 Target Zero Task Force	5,803	-	5,803	-	1
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA Assn Sheriff & Police Chiefs)	State and Community Highway Safety	20.600	LOU	7,304	-	7,304	-	1
<b>Total Highway Safety Cluster:</b>				<b>13,813</b>	-	<b>13,813</b>	-	
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA Traffic Safety Commission)	Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	TZM20-2	46,405	-	46,405	-	1
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Administrative office of the Courts)	COVID 19 - Coronavirus Relief Fund	21.019	Superior Court	768	-	768	-	1
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Administrative office of the Courts)	COVID 19 - Coronavirus Relief Fund	21.019	District Court	1,332	-	1,332	-	1
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Administrative office of the Courts)	COVID 19 - Coronavirus Relief Fund	21.019	Juvenile	2,845	-	2,845	-	1
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Administrative office of the Courts)	COVID 19 - Coronavirus Relief Fund	21.019	Superior Court	3,378	-	3,378	-	1
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Administrative office of the Courts)	COVID 19 - Coronavirus Relief Fund	21.019	Superior Court	7,672	-	7,672	-	1
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via WA ST Department of Commerce)	COVID 19 - Coronavirus Relief Fund	21.019	21-4614C-109	8,059	-	8,059	-	1
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Administrative office of the Courts)	COVID 19 - Coronavirus Relief Fund	21.019	Superior Court	9,701	-	9,701	-	1

The accompanying notes are an integral part of this schedule.

DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Administrative office of the Courts)	COVID 19 - Coronavirus Relief Fund	21.019	Clerk	10,887	-	10,887	-	1
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Administrative office of the Courts)	COVID 19 - Coronavirus Relief Fund	21.019	Trial Court Improvement	11,051	-	11,051	-	1
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Administrative office of the Courts)	COVID 19 - Coronavirus Relief Fund	21.019	District Court	19,339	-	19,339	-	1
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Administrative office of the Courts)	COVID 19 - Coronavirus Relief Fund	21.019	Trial Court Improvement	19,459	-	19,459	-	1
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Administrative office of the Courts)	COVID 19 - Coronavirus Relief Fund	21.019	Trial Court Improvement	38,616	-	38,616	-	1
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Administrative office of the Courts)	COVID 19 - Coronavirus Relief Fund	21.019	Trial Court Improvement	38,919	-	38,919	-	1
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Administrative office of the Courts)	COVID 19 - Coronavirus Relief Fund	21.019	Trial Court Improvement	38,919	-	38,919	-	1
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Administrative office of the Courts)	COVID 19 - Coronavirus Relief Fund	21.019	Trial Court Improvement	39,221	-	39,221	-	1
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Administrative office of the Courts)	COVID 19 - Coronavirus Relief Fund	21.019	Trial Court Improvement	55,285	-	55,285	-	1
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via WA ST Department of Health)	COVID 19 - Coronavirus Relief Fund	21.019	CLH18245	343,111	-	343,111	-	1
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via WA ST Department of Health)	COVID 19 - Coronavirus Relief Fund	21.019	CLH18245	478,519	-	478,519	-	1
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via WA ST Department of Commerce)	COVID 19 - Coronavirus Relief Fund	21.019	21-4614C-109	1,127,321	-	1,127,321	1,127,321	1
<b>Total CFDA 21.019:</b>				<b>2,254,402</b>	-	<b>2,254,402</b>	<b>1,127,321</b>	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via WA ST Department of Commerce)	COVID 19 - Emergency Rental Assistance Program	21.023	21-4616C-109	49,944	-	49,944	-	1

The accompanying notes are an integral part of this schedule.

DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via WA ST Department of Commerce)	COVID 19 - Emergency Rental Assistance Program	21.023	21-4616C-109	2,091,364	-	2,091,364	2,091,364	1
			<b>Total CFDA 21.023:</b>	<b>2,141,308</b>	-	<b>2,141,308</b>	<b>2,091,364</b>	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	NA	-	117,698	117,698	-	1
<b>Drinking Water State Revolving Fund Cluster</b>								
ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY (via Washington State Department of Health)	Capitalization Grants for Drinking Water State Revolving Funds	66.468	DWL23456	951,088	-	951,088	-	13
	<b>Total Drinking Water State Revolving Fund Cluster:</b>			<b>951,088</b>	-	<b>951,088</b>	-	
ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY (via WA ST Department of Health)	Beach Monitoring and Notification Program Implementation Grants	66.472	CLH18245	12,000	-	12,000	-	1
ELECTION ASSISTANCE COMMISSION, ELECTION ASSISTANCE COMMISSION (via Office of Secretary of State)	2018 HAVA Election Security Grants	90.404	IG-6933	19,475	-	19,475	-	1
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA ST Department of Health)	Public Health Emergency Preparedness	93.069	CLH18245	64,586	-	64,586	-	1
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA ST Department of Health)	Injury Prevention and Control Research and State and Community Based Programs	93.136	CLH18245	32,688	-	32,688	-	1
HEALTH RESOURCES AND SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Grays Harbor County Public Hospital District #1)	Telehealth Programs	93.211	GA1RH33507	23,422	-	23,422	-	1

The accompanying notes are an integral part of this schedule.

SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Department of Health and Human Services)	93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	UWSC9647	31,790	-	31,790	-	1
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA ST Department of Social & Health Services)	93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	K3920	42,223	-	42,223	-	1
<b>Total CFDA 93.243:</b>				<b>74,013</b>	-	<b>74,013</b>	-	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA ST Department of Health)	93.268	COVID 19 - Immunization Cooperative Agreements	CLH18245	1,638	-	1,638	-	1
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA ST Department of Health)	93.268	Immunization Cooperative Agreements	CLH18245	1,746	-	1,746	-	1
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA ST Department of Health)	93.268	COVID 19 - Immunization Cooperative Agreements	CLH18245	14,582	-	14,582	-	1
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA ST Department of Health)	93.268	COVID 19 - Immunization Cooperative Agreements	CLH18245	246,803	-	246,803	-	1
<b>Total CFDA 93.268:</b>				<b>264,769</b>	-	<b>264,769</b>	-	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA ST Department of Health)	93.323	COVID 19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	CLH18245	334,845	-	334,845	-	1
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA ST Department of Health)	93.323	COVID 19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	CLH18245	817,759	-	817,759	-	1

The accompanying notes are an integral part of this schedule.

CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA ST Department of Health)	93.354	COVID 19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	CLH18245	79,426	-	1,152,604	-
	93.354	Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	GVS24295	24,942	-	24,942	-
	Total CFDA 93.323:			104,368	-	104,368	-
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA ST DSHS)	93.563	Child Support Enforcement	2110-81159	55,731	-	55,731	-
	93.563	Child Support Enforcement	2110-81159	201,250	-	201,250	-
	Total CFDA 93.563:			256,981	-	256,981	-
Medicaid Cluster CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Department of Health and Human Services)	93.778	Medical Assistance Program	K2744	14,106	-	14,106	-
	Total Medicaid Cluster:			14,106	-	14,106	-
	93.788	Opioid STR	K3920	71,771	-	71,771	-
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA ST Department of Social & Health Services)							

The accompanying notes are an integral part of this schedule.



HEALTH RESOURCES AND SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA ST Dept of Children, Youth and Families)	93.870	20-1155-01	Maternal, Infant and Early Childhood Home Visiting Grant	100,878	-	100,878	-	1
HEALTH RESOURCES AND SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA ST Dept of Children, Youth and Families)	93.870	22-1150	Maternal, Infant and Early Childhood Home Visiting Grant	105,704	-	105,704	-	1
<b>Total CFDA 93.870:</b>				<b>206,582</b>	-	<b>206,582</b>	-	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA ST Department of Social & Health Services)	93.959	K3920	Block Grants for Prevention and Treatment of Substance Abuse	130,550	-	130,550	-	1
HEALTH RESOURCES AND SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA ST Department of Health)	93.994	CLH18245	Maternal and Child Health Services Block Grant to the States	54,875	-	54,875	-	1
U.S. COAST GUARD, HOMELAND SECURITY, DEPARTMENT OF (via WA St Parks and Recreation Commission)	97.012	3320FAS200153	Boating Safety Financial Assistance	18,120	-	18,120	-	1
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA St Military Dept)	97.036	4481DR-WA/139282	COVID 19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	88,683	-	88,683	-	1
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA St Military Dept)	97.036	4481DR-WA 136443	COVID 19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	103,069	-	103,069	-	1
<b>Total CFDA 97.036:</b>				<b>191,752</b>	-	<b>191,752</b>	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA St Military Dept)	97.042	E20-258	COVID 19 - Emergency Management Performance Grants	16,967	-	16,967	-	1

The accompanying notes are an integral part of this schedule.

FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA St Military Dept)	Emergency Management Performance Grants	97.042	E21-137	35,339	-	35,339	-	1
			<b>Total CFDA 97.042:</b>	<b>52,306</b>	-	<b>52,306</b>	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA St Military Dept)	Homeland Security Grant Program	97.067	E20-069	20,181	-	20,181	-	1
			<b>Total Federal Awards Expended:</b>	<b>9,439,552</b>	<b>491,029</b>	<b>9,930,581</b>	<b>3,885,652</b>	

The accompanying notes are an integral part of this schedule.

**GRAYS HARBOR COUNTY, WASHINGTON**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2021**

Note 1 – Basis of Accounting

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

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the County's portion, may be more than shown. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, 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 Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 2 – Federal De Minimis Indirect Cost Rate

The County has elected to use the 10% de minimis indirect cost rate under the Uniform Guidance.

Note 3-Federal Loan

The County received a Drinking Water State Revolving Fund loan totaling \$951,088 from the Environmental Protection Agency passed through the Washington State Department of Health for the construction of a reservoir and booster station for the Pacific Beach Water System. The amount listed for this loan includes the proceeds used during the year. The balance owing at the end of the period is \$1,034,883. The loan is reported on the County's Schedule of Liabilities.

Note 4 – Donated Personal Protective Equipment (PPE)

During the emergency period of the COVID-19 pandemic, the County received donated PPE with a fair market value of \$656,044 at the time of receipt. This statement is unaudited.



# Grays Harbor County Auditor

**Joseph R. MacLean**

100 W. Broadway, Suite 2, Montesano, WA 98563

(360) 249-4232

## CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED UNDER UNIFORM GUIDANCE

**Grays Harbor County**  
**January 1, 2021 through December 31, 2021**

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

<b>Finding ref number:</b> 2021-001	<b>Finding caption:</b> The County's internal controls were inadequate for ensuring compliance with federal procurement requirements.
<b>Name, address, and telephone of County contact person:</b> Melinda Raihl, Chief Deputy Auditor 100 W. Broadway Montesano, WA 98563 (360)-964-1559	
<b>Corrective action the auditee plans to take in response to the finding:</b> <i>The County will review 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 County will then incorporate the federal procurement requirements under the Uniform Guidance into the pending update to the County's procurement policy. The County will ensure that the policy conforms to the most restrictive methods and thresholds for procuring public works projects, and includes other required procedures for procuring transactions, such as piggybacking, contract cost and price analysis, bonding requirements, and more. The County's legal department will review and approve the policy, and the Board of County Commissioners will adopt the policy countywide by resolution.</i>	
<b>Anticipated date to complete the corrective action:</b> November 18, 2022	

<b>Finding ref number:</b> 2021-002	<b>Finding caption:</b> The County lacked adequate internal controls for ensuring it met subrecipient monitoring requirements.
<b>Name, address, and telephone of County contact person:</b> Melinda Raihl, Chief Deputy Auditor 100 W. Broadway Montesano, WA 98563 (360)-964-1559	
<b>Corrective action the auditee plans to take in response to the finding:</b> <ol style="list-style-type: none"> <li><i>To ensure compliance with federal regulations on subrecipient agreements, Public Health has begun identifying federal awards as subawards by including information required by federal regulations and including all applicable program requirements. Public Health and the County's legal department will educate staff on the regulations and requirements, and will build steps into contract drafting procedures, templates, and checklists to ensure that subaward agreements include all required elements for federal awards passed through to subrecipients.</i></li> <li><i>Public Health will evaluate each subrecipient's risk of non-compliance with federal requirements. Public Health will develop appropriate tools for subrecipient risk assessments, and educate staff about the need to consistently complete and file risk assessments on all subrecipients. Public Health managers will review its catalog of subrecipient agreements and verify that risk assessments have been completed.</i></li> <li><i>To ensure sufficient subrecipient monitoring, Public Health has begun developing tools to organize and document subrecipient monitoring activities, and this includes client file reviews for all relevant programs. Public Health will educate staff about these tools, and Public Health supervisors will verify subrecipient monitoring activities on a regular basis with staff.</i></li> </ol>	
<b>Anticipated date to complete the corrective action:</b> December 31, 2022	

## ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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