



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

San Juan County

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

Published December 5, 2022

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

December 5, 2022

Council
San Juan County
Friday Harbor, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on San Juan 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,

Pat McCarthy, State Auditor
Olympia, WA

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

San Juan County January 1, 2021 through December 31, 2021

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of San Juan 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 identified deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

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

Federal Awards

Internal Control over Major Programs:

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

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

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

Identification of Major Federal Programs

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

<u>CFDA No.</u>	<u>Program or Cluster Title</u>
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds
93.323	COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
97.036	COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)
97.067	Homeland Security Grant Program

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

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

SECTION II – FINANCIAL STATEMENT FINDINGS

See Finding 2021-001.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

San Juan County January 1, 2021 through December 31, 2021

2021-001 The County lacked adequate internal controls for ensuring the Schedule of Expenditures of Federal Awards was accurately prepared.

Background

State and federal agencies, the County Council, and the public rely on information included in the financial statements and schedules to make decisions. Management is responsible for designing and following internal controls that provide reasonable assurance the County's financial reporting is reliable.

State law (RCW 43.09.230) requires local governments to submit annual financial reports to the State Auditor's Office. As part of the report, all local governments that spend federal funds must prepare a Schedule of Expenditures of Federal Awards (SEFA). Local governments that spend \$750,000 or more in federal funds must also receive a Single Audit.

Our audit found a deficiency in internal controls over financial reporting that resulted in errors in the County's SEFA. *Government Auditing Standards* requires the State Auditor's Office auditors to communicate significant deficiencies as a finding.

Description of Condition

The County prepared the SEFA to document the federal grant funding it spent during the year. The SEFA is required by the federal government, and our Office uses it to determine which federal programs require additional audit procedures. The purpose of the SEFA is to summarize federal expenditures as a basis for planning and conducting the Single Audit. It also serves to provide assurance to federal grantors that their programs or awards were included in the audit.

Although the County has improved its controls over SEFA preparation and reporting, staff did not detect the following issues during the review process:

- The County included federal expenditures funded through contractor relationships, which should not be reported on the SEFA.
- The County included Federal Emergency Management Agency (FEMA) expenditures that should have been recognized in other fiscal periods, based on approval dates from the grantor.

Cause of Condition

County staff responsible for preparing the SEFA are new to their positions, and they did not detect the errors during the review process. Staff also did not fully understand the differences between beneficiary, subrecipient and contractor federal relationships, and which types of federal expenditures should be included on the SEFA. Further, staff were not aware of the guidance to use FEMA project approval dates to determine when to record the related expenditures on the SEFA.

Effect of Condition

These control deficiencies increase the County's risk of misstating the SEFA to the extent that it might miss a Single Audit. They also increase the risk that the Single Audit completed does not provide adequate coverage to meet federal requirements.

The SEFA contained the following errors in the reporting of the COVID-19 Disaster Grant – Public Assistance program (CFDA 97.036):

- The County reported funds from the Washington State Department of Health, resulting in an overstatement of \$678,822. The Department was a contractor and, as such, the County should not have reported the related expenditures on the SEFA.
- The County reported FEMA expenditures that were already reported in the fiscal year 2020 SEFA, resulting in an overstatement of \$21,187.
- The County reported FEMA expenditures in the fiscal year 2021 SEFA that should be reported in 2022, resulting in an overstatement of \$84,692.

All of the issues identified above have been corrected by the County.

Recommendation

We recommend the County accurately report federal expenditures on the SEFA in accordance with reporting requirements. Specifically, we recommend the County dedicate sufficient time to accurately prepare and perform an effective review of the SEFA before submitting it for audit.

County's Response

The County has already corrected all the reporting errors associated with this finding.

In order to prevent similar mistakes in the future, we will continue to work on training staff and trying to keep up with rapidly changing instructions in these

hectic times. Specifically, staff will attend as many grant reporting classes as we can identify and will closely follow directives from Treasury and State Auditor staff.

Auditor's Remarks

We appreciate the County's commitment to resolve this finding and thank the County for its cooperation and assistance during the audit. We will review the corrective action taken during our next regular audit.

Applicable Laws and Regulations

Government Auditing Standards, July 2018 Revision, paragraphs 6.40 and 6.41 establish reporting requirements related to significant deficiencies or material weaknesses in internal control, instances of fraud, and noncompliance with provisions of laws, regulations, contracts, or grant agreements.

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.

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*

San Juan County January 1, 2021 through December 31, 2021

Council
San Juan County
Friday Harbor, 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 San Juan 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 November 28, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying Schedule of Audit Findings and Responses as Finding 2021-001 that we consider to be significant deficiencies.

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*.

COUNTY'S RESPONSE TO FINDINGS

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the findings identified in our audit and described in the accompanying Schedule of Audit Findings and Responses. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

November 28, 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

San Juan County January 1, 2021 through December 31, 2021

Council
San Juan County
Friday Harbor, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the compliance of San Juan 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.

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

Our 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 that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

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.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other

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

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

Pat McCarthy, State Auditor

Olympia, WA

November 28, 2022

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

San Juan County January 1, 2021 through December 31, 2021

Council
San Juan County
Friday Harbor, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of San Juan 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 San Juan 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 San Juan 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 an opinion 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 November 28, 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, reading "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

November 28, 2022

FINANCIAL SECTION

San Juan 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 Schedule of Expenditures of Federal Awards – 2021
Notes to the Schedule of Expenditures of Federal Awards – 2021

San Juan County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		Total for All Funds (Memo Only)	001 General Fund	102 SJC Conservation Area Fund	104 SJC Noxious Weed Control
Beginning Cash and Investments					
308	Beginning Cash and Investments	49,343,100	8,795,705	10,804,515	279,955
388 / 588	Net Adjustments	(13,992)	(14,017)	-	-
Revenues					
310	Taxes	41,572,259	17,286,859	7,063,552	-
320	Licenses and Permits	1,900,007	1,807,310	-	-
330	Intergovernmental Revenues	14,393,961	8,248,114	775,628	728
340	Charges for Goods and Services	6,407,500	2,272,222	17,573	2,196
350	Fines and Penalties	264,435	263,811	-	-
360	Miscellaneous Revenues	3,222,445	713,085	773,277	162,590
Total Revenues:		67,760,607	30,591,401	8,630,030	165,514
Expenditures					
510	General Government	11,024,705	9,332,878	-	-
520	Public Safety	6,609,394	6,525,129	-	-
530	Utilities	905,672	-	-	-
540	Transportation	6,899,509	-	-	-
550	Natural/Economic Environment	5,478,225	2,826,672	-	171,190
560	Social Services	6,020,714	5,131,507	-	-
570	Culture and Recreation	3,066,047	254,128	1,706,184	-
Total Expenditures:		40,004,266	24,070,314	1,706,184	171,190
Excess (Deficiency) Revenues over Expenditures:		27,756,341	6,521,087	6,923,846	(5,676)
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	8,050,500	-	-	-
397	Transfers-In	4,454,591	220,216	-	7,500
385	Special or Extraordinary Items	48,533	48,533	-	-
381, 382, 389, 395, 398	Other Resources	2,789,634	15,733	1,414,340	-
Total Other Increases in Fund Resources:		15,343,258	284,482	1,414,340	7,500
Other Decreases in Fund Resources					
594-595	Capital Expenditures	12,945,689	456,497	3,476,363	-
591-593, 599	Debt Service	2,273,292	497	112,298	-
597	Transfers-Out	4,454,591	814,140	633,931	475
585	Special or Extraordinary Items	145,166	43,470	-	-
581, 582, 589	Other Uses	892,848	131,767	566,405	-
Total Other Decreases in Fund Resources:		20,711,586	1,446,371	4,788,997	475
Increase (Decrease) in Cash and Investments:		22,388,013	5,359,198	3,549,189	1,349
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	54,058,463	3,183,153	14,353,706	281,304
50841	Committed	207,524	202,376	-	-
50851	Assigned	9,292,478	2,596,613	-	-
50891	Unassigned	8,159,362	8,159,362	-	-
Total Ending Cash and Investments		71,717,827	14,141,504	14,353,706	281,304

San Juan County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		105 Veterans' Assistance Fund	109 San Juan County Parks	110 Treasurer's Operation & Maintenance	111 Dog License
Beginning Cash and Investments					
308	Beginning Cash and Investments	167,863	237,609	103,345	5,190
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	1,378	5,984	-	-
320	Licenses and Permits	-	-	-	21,876
330	Intergovernmental Revenues	-	187,326	11,338	-
340	Charges for Goods and Services	-	33,838	36,586	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	109	634,718	97	-
Total Revenues:		1,487	861,866	48,021	21,876
Expenditures					
510	General Government	-	-	18,825	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	21,918
560	Social Services	24,995	-	-	-
570	Culture and Recreation	-	1,103,735	-	-
Total Expenditures:		24,995	1,103,735	18,825	21,918
Excess (Deficiency) Revenues over Expenditures:		(23,508)	(241,869)	29,196	(42)
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	1,254,052	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	50,309	-	-
Total Other Increases in Fund Resources:		-	1,304,361	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	464,137	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	21,571	23,923	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	47,082	-	-
Total Other Decreases in Fund Resources:		-	532,790	23,923	-
Increase (Decrease) in Cash and Investments:		(23,508)	529,702	5,273	(42)
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	144,356	1,244	108,618	-
50841	Committed	-	-	-	5,148
50851	Assigned	-	766,068	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		144,356	767,312	108,618	5,148

San Juan County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		112 County Roads	119 Emergency Communication	122 Lodging Tax Fund	125 Auditor Document Preservation
Beginning Cash and Investments					
308	Beginning Cash and Investments	4,477,877	3,430,912	2,317,673	181,118
388 / 588	Net Adjustments	25	-	-	-
Revenues					
310	Taxes	4,593,200	1,594,436	2,350,695	-
320	Licenses and Permits	33,046	-	-	-
330	Intergovernmental Revenues	4,334,009	-	-	70,075
340	Charges for Goods and Services	129,430	-	-	22,856
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	47,681	-	808	103
Total Revenues:		9,137,366	1,594,436	2,351,503	93,034
Expenditures					
510	General Government	-	-	-	34,097
520	Public Safety	-	84,265	-	-
530	Utilities	-	-	-	-
540	Transportation	5,664,799	-	-	-
550	Natural/Economic Environment	-	-	826,153	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	2,000
Total Expenditures:		5,664,799	84,265	826,153	36,097
Excess (Deficiency) Revenues over Expenditures:		3,472,567	1,510,171	1,525,350	56,937
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	8,050,500	-	-	-
397	Transfers-In	240,303	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	637,716	-	-	-
Total Other Increases in Fund Resources:		8,928,519	-	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	4,678,401	2,218,676	-	-
591-593, 599	Debt Service	50,500	1,034	-	-
597	Transfers-Out	812,654	695,509	478,216	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	73	100,000	-	-
Total Other Decreases in Fund Resources:		5,541,628	3,015,219	478,216	-
Increase (Decrease) in Cash and Investments:		6,859,458	(1,505,048)	1,047,134	56,937
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	11,337,363	1,925,908	3,364,807	238,055
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		11,337,363	1,925,908	3,364,807	238,055

San Juan County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		127 Crime Victims	128 Mental Health Tax Fund	169 Orcas Senior Services Building	191 DSHS Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	29,254	1,241,361	7,007	25
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	803,106	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	8,453	-	-	-
350	Fines and Penalties	624	-	-	-
360	Miscellaneous Revenues	-	695	30,797	-
Total Revenues:		9,077	803,801	30,797	-
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	601,488	62,183	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	601,488	62,183	-
Excess (Deficiency) Revenues over Expenditures:		9,077	202,313	(31,386)	-
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	28,678	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	15,607
Total Other Increases in Fund Resources:		-	-	28,678	15,607
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	2,741	36,241	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	15,607
Total Other Decreases in Fund Resources:		2,741	36,241	-	15,607
Increase (Decrease) in Cash and Investments:		6,336	166,072	(2,708)	-
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	35,591	1,407,432	-	-
50841	Committed	-	-	-	-
50851	Assigned	-	-	4,300	25
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		35,591	1,407,432	4,300	25

San Juan County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		192 Septic & Housing Loans	195 Public Facilities Improvement	196 Affordable Housing Fund	197 Criminal Justice Receiving Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	259,691	1,273,247	2,953,783	121,752
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	728,947	3,472,868	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	177,758	-	-	240,575
340	Charges for Goods and Services	-	-	334,790	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	58,339	1,629	2,108	83
Total Revenues:		236,097	730,576	3,809,766	240,658
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	132,838	641,461	773,453	-
560	Social Services	-	-	200,541	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		132,838	641,461	973,994	-
Excess (Deficiency) Revenues over Expenditures:		103,259	89,115	2,835,772	240,658
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	102,906	100,000	30,000	-
Total Other Increases in Fund Resources:		102,906	100,000	30,000	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	32,270	-
591-593, 599	Debt Service	17,209	-	620	-
597	Transfers-Out	-	38,763	210	222,200
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	30,000	-
Total Other Decreases in Fund Resources:		17,209	38,763	63,100	222,200
Increase (Decrease) in Cash and Investments:		188,956	150,352	2,802,672	18,458
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	448,648	1,423,599	5,756,458	140,210
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		448,648	1,423,599	5,756,458	140,210

San Juan County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		200 Bond Redemption Fund	306 Capital Improvement Fund	315 Clean Water Utility Fund	401 Solid Waste Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	1,520	6,688,511	2,165,139	1,232,632
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	3,072,541	-	598,693
320	Licenses and Permits	-	-	37,775	-
330	Intergovernmental Revenues	-	24,528	136,573	181,488
340	Charges for Goods and Services	-	-	-	1,314
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	6,946	720,458	58,267
Total Revenues:		-	3,104,015	894,806	839,762
Expenditures					
510	General Government	-	16,046	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	503,033	402,639
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	84,540
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	16,046	503,033	487,179
Excess (Deficiency) Revenues over Expenditures:		-	3,087,969	391,773	352,583
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	2,079,427	187,414	207,604	33,440
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	2,550
Total Other Increases in Fund Resources:		2,079,427	187,414	207,604	35,990
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	174,920	373,510	12,229
591-593, 599	Debt Service	2,079,427	-	-	11,707
597	Transfers-Out	-	632,903	584	32,367
585	Special or Extraordinary Items	-	101,696	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		2,079,427	909,519	374,094	56,303
Increase (Decrease) in Cash and Investments:		-	2,365,864	225,283	332,270
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	8,343,111	-	1,564,900
50841	Committed	-	-	-	-
50851	Assigned	1,521	711,266	2,390,455	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		1,521	9,054,377	2,390,455	1,564,900

The accompanying notes are an integral part of this statement.

San Juan County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		501 Equipment Rental & Revolving	502 Information Technology
Beginning Cash and Investments			
308	Beginning Cash and Investments	2,416,191	151,225
388 / 588	Net Adjustments	-	-
Revenues			
310	Taxes	-	-
320	Licenses and Permits	-	-
330	Intergovernmental Revenues	-	5,821
340	Charges for Goods and Services	1,798,309	1,749,933
350	Fines and Penalties	-	-
360	Miscellaneous Revenues	10,157	498
Total Revenues:		1,808,466	1,756,252
Expenditures			
510	General Government	-	1,622,859
520	Public Safety	-	-
530	Utilities	-	-
540	Transportation	1,234,710	-
550	Natural/Economic Environment	-	-
560	Social Services	-	-
570	Culture and Recreation	-	-
Total Expenditures:		1,234,710	1,622,859
Excess (Deficiency) Revenues over Expenditures:		573,756	133,393
Other Increases in Fund Resources			
391-393, 596	Debt Proceeds	-	-
397	Transfers-In	112,799	83,158
385	Special or Extraordinary Items	-	-
381, 382, 389, 395, 398	Other Resources	420,473	-
Total Other Increases in Fund Resources:		533,272	83,158
Other Decreases in Fund Resources			
594-595	Capital Expenditures	898,899	159,787
591-593, 599	Debt Service	-	-
597	Transfers-Out	6,737	1,426
585	Special or Extraordinary Items	-	-
581, 582, 589	Other Uses	1,914	-
Total Other Decreases in Fund Resources:		907,550	161,213
Increase (Decrease) in Cash and Investments:		199,478	55,338
Ending Cash and Investments			
50821	Nonspendable	-	-
50831	Restricted	-	-
50841	Committed	-	-
50851	Assigned	2,615,668	206,562
50891	Unassigned	-	-
Total Ending Cash and Investments		2,615,668	206,562

The accompanying notes are an integral part of this statement.

San Juan County
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		Total for All Funds (Memo Only)	Investment Trust	Custodial
308	Beginning Cash and Investments	26,952,229	67,981	26,884,248
388 & 588	Net Adjustments	-	-	-
310-390	Additions	110,812,877	198,637	110,614,240
510-590	Deductions	108,133,429	76,236	108,057,193
	Net Increase (Decrease) in Cash and Investments:	2,679,448	122,401	2,557,047
508	Ending Cash and Investments	29,631,618	190,318	29,441,300

The accompanying notes are an integral part of this statement.

San Juan County
Notes to the Financial Statements
Year Ending December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

San Juan County was organized from Whatcom County in 1873 and operates under the laws of the State of Washington applicable to a home rule charter county. In 2005, the County adopted a Home Rule Charter type of government, governed by a six-member Council and administered by a County Administrator. In 2012, significant amendments to that Home Rule Charter were recommended by a Charter Review Commission (CRC). All recommended amendments were adopted, including a return from six to three legislative body members and the replacement of the County Administrator with a County Manager. In 2020, another CRC was elected. Six recommendations from the second CRC were on the 2021 general election ballot. Of the six, three passed, one of which added term limits (a maximum of three four-year terms) for Council members.

The County is a general-purpose government and provides law enforcement; emergency planning; district, juvenile, and superior court services; community planning; building permitting and inspection; public health and community services; parks and fair operation and maintenance; road construction and maintenance; clean water utility construction and maintenance; and general administrative services. The County has oversight of solid waste operations by contractors on the three main islands and provides special solid waste disposal services, such as litter, weeds, and hazardous materials. During 2021, the Council created a new Environmental Stewardship Department, which encompasses the clean water and solid waste funds, as well as the natural resource programs.

Through the County Treasurer and County Auditor, the County is the fiscal agent for twenty-nine (29) school and special purpose districts.

San Juan 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 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 Note 8 – Component Units, Joint Ventures, and Related Parties).
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The Schedule of Liabilities is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are presented using classifications that are similar to the ending balance classifications in GAAP.

A. Fund Accounting

Financial transactions of the County are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues, and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. In the financial statements, 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 (000-099)

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. San Juan County's primary general fund is Fund 001 Current Expense.

Four other funds of the County are managerial funds of the Current Expense Fund and are rolled up with it for reporting purposes. For each of those funds, special revenue must represent less than 20% of total revenues (excluding transfers) on a regular basis.

Special Revenue Funds (100-199)

These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the government. In each special revenue fund, restricted or committed resources must represent more than 20% of total revenues (excluding transfers) on a regular basis. San Juan County has several special revenue funds, including Fund 111 Dog License, Fund 112 County Roads, Fund 122 Lodging Tax, Fund 196 Affordable Housing, and more.

Debt Service Funds (200-299)

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 of governmental funds. San Juan County has a single debt service fund: Fund 200 Bond Redemption.

Capital Projects Funds (300-399)

These funds account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets. San Juan County has two capital funds: Fund 306 Capital Improvement and Fund 315 Clean Water. Clean Water has two sub-funds: 3151 Clean Water Utility and 3157 Clean Water projects. The two clean water funds are rolled up for reporting. Prior to 2020, Funds 3151 and 3157 were classified as Enterprise Funds and numbered 4151 and 4157.

Proprietary Fund Types

Enterprise Funds (400-499)

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges. San Juan County has one enterprise funds: Fund 401 Solid Waste.

Internal Service Funds (500-599)

These funds account for operations that provide goods or services to other departments or funds of the government on a cost reimbursement basis. San Juan County has three internal service funds: Fund 501 Equipment Rental & Revolving (ER&R), Fund 502 Information Technology, and Fund 503 Facilities. Fund 503 was formed at the beginning of 2022 in recognition of the fact that the Facilities department in the Current Expense Fund (001) had been acting as a de facto internal service fund for years. Beginning in 2022, all Facilities expenses are project-coded and charged monthly to the appropriate cost centers.

Fiduciary Fund Types

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

Investment Trust Funds (600-609)

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

Pension (and Other Employee Benefit) Trust Funds (610-619)

These funds are used to report fiduciary activities for pension and OPEB plans administered through trust.

Private-Purpose Trust Funds (620-629)

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

Custodial Funds (630-698)

These funds are used to account assets that the government holds on behalf of others in a custodial capacity. San Juan County maintains funds for each of the other jurisdictions for which the County Treasurer acts as Treasurer.

External Investment Pool Fund (699)

These funds report the external portion of investment pools that are not held in trust and meet the criteria to be considered fiduciary. Although considered custodial funds, external investment pools are reported in a separate external investment pool fund column under the custodial funds classification.

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.

In accordance with state law, the County also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

C. Cash and Investments

See Note 3 - 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 one year. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Elected Officials

San Juan County elected officials, except for the District Court Judge, do not accrue sick time or vacation benefits and are not required to track work hours.

Per RCW 3.34.100, District judges shall be granted sick leave in the same manner as other county employees. A district judge may receive when vacating office remuneration for unused accumulated leave and sick leave at a rate equal to one day's monetary compensation for each full day of accrued leave and one day's monetary compensation for each four full days of accrued sick leave, the total remuneration for leave and sick leave not to exceed the equivalent of thirty days' monetary compensation.

Vacation

Unrepresented Employees and Members of AFSCME (American Federal of State, County & Municipal Employees) Local 1849

Vacation leave may be accumulated up to 320 hours for employees with 20 years of service or less and up to 480 hours for employees with more than 20 years of service and is payable upon separation or retirement.

Sheriff's Guild members

Vacation leave may be accumulated up to 320 hours for employees with 20 years of service or less and up to 480 hours for employees with more than 20 years of service.

Upon termination of employment, any accrued vacation days, subject to the maximum accumulation:

- A. Shall be taken as vacation prior to retirement, or
- B. Shall be transferred into the employee's VEBA account, as stated in Article 14, Section 3.
- C. Shall not be paid as a lump sum payment.
- D. Shall not, under any circumstances, be credited in such a way as to increase that employee's retirement benefits in a manner that requires additional payment by the County.

Sick leave

Unrepresented Employees

Eligible regular full-time employees shall accrue sick leave at the rate of eight (8) hours for each full calendar month of employment (comparable to one hour for every 21.75 hours worked). Part-time employees shall accrue sick leave proportionately to their FTE status (also comparable to one hour for every 21.75 hours worked). Sick leave may be accumulated indefinitely. Upon separation or retirement, employees receive payment for 25% of unused sick leave to a maximum of fifteen days. Employees who call in sick after giving notice of separation shall have those sick days deducted from the 25% first, then from any remaining sick leave accrual.

Members of AFSCME Local 1849

Eligible regular full-time employees shall accrue sick leave at the rate of eight (8) hours for each full calendar month of employment (comparable to one hour for every 21.75 hours worked). Part-time employees shall accrue sick leave proportionately to their FTE status (also comparable to one hour for every 21.75 hours worked). Sick leave may be accumulated indefinitely. Upon separation or retirement, employees receive payment for 25% of unused sick leave to a maximum of fifteen days.

Sheriff's Guild members

Eligible regular full-time employees as defined in section 9.010 shall accrue sick leave at the rate of eight (8) hours for each full calendar month of employment (comparable to one hour for every 21.75 hours worked). Part-time employees shall accrue sick leave proportionately to their FTE status (also comparable to one hour for every 21.75 hours worked). Sick leave may be accumulated indefinitely.

Attendance Incentive Program - Conversion of Sick Leave Upon Retirement, Voluntary Termination or Death. Any regular employee who retires, is laid off, voluntarily terminates employment, or dies while employed by the County may transfer unused sick leave to a VEBA account as follows:

If he or she has at least 480 hours of accrued sick leave:

1. The cash value (up to a maximum of \$6,500) equal to twenty-five percent (25%) of any amount over 480 accrued hours will be transferred into the employee's VEBA account.
2. The bonus cash value of 48 hours (six days) will also be transferred into the employee's VEBA account.

Any such conversion of sick leave upon retirement or death shall be subject to the terms and limitations of law.

Employees with less than 480 hours of accrued sick leave will receive no benefit from accrued sick leave.

F. Long-Term Debt

See Note 5 – 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 subject to restrictions on use by external parties or by internal commitments established by ordinances adopted by the County Council. When expenditures that meet restrictions are incurred, the County's policy is to use restricted resources first before using unrestricted funds, consistent with Resolution 42-2012.

Restricted and committed ending cash and Investments, at the end of 2021, are shown in the following table.

Fund #	Fund Name	Cash Classification	Amount	Nature of Restrictions
001	General Fund			
		30831 - Restricted	3,183,153	Use of grant carryforwards is restricted by the terms of the grant or authorizing legislation.
		30841 - Committed	202,376	Septic Operating & Maintenance Fees are committed by Ord 23-2013 to the onsite sewage operation & maintenance program.
Total General Fund			3,385,529	
102	Conservation Area	30831 - Restricted	14,353,706	Use of tax revenues and earnings thereon is restricted by RCW 82.46.070 to purchase/maintain conservation areas.
104	SJC Noxious Weed Control	30831 - Restricted	281,304	Restricted by RCW 17.10.240 for noxious weed control.
105	Veterans' Assistance	30831 - Restricted	144,356	Restricted by RCW 73.08 to assist veterans & their families.
109	San Juan County Parks & Fair	30831 - Restricted	1,244	Donated funds for refurbishment of historic Brann Cabin.
110	Treasurer's Operation & Maintenance			
.01	Foreclosure Funds	30831 – Restricted	53,991	Restricted by RCW 84.56.020 to manage tax foreclosures.
.02	REET Funds	30831 – Restricted	54,627	Restricted by RCW 82.45.180(5) to support annual revaluation system and REET affidavit processing.
Total Treasurer's Operation & Maint			108,618	
111	Dog License	30841 – Committed	5,148	Committed by SJCC 6.08.070 for the dog license program.
112	County Roads	30831 – Restricted	11,337,363	Restricted by RCW 36.82.020 for roads purposes.
119	Emergency Communication	30831 – Restricted	1,925,908	Restricted by RCW 82.14.420 to use for emergency communications purposes.
122	Lodging Tax Fund	30831 – Restricted	3,364,807	Restricted by RCW 67.28.180-1815, and further committed by SJCC 3.16, for tourism promotion, facilities, activities.
125	Auditor Document Preservation			
	Auditor O&M Funds	30831 – Restricted	213,055	Restricted by RCW 36.22.170 for document preservation.
	Council Historical Pres Funds	30831 – Restricted	25,001	Restricted by RCW 36.22.170 for any type of historical preservation or programs.
Total Auditor Document Preservation			238,055	(sum differs because of rounding)
127	Crime Victims	30831 - Restricted	35,591	Restricted by RCW 7.68.035 to assist victims of crime.
128	Mental Health Tax Fund	30831 - Restricted	1,407,432	Restricted by RCW 82.14.460 for mental health and chemical dependency programs.
192	Septic & Housing Loans	30831 - Restricted	448,648	Restricted by terms of septic loan and homebuyer assistance programs.
195	Public Facilities Improvement	30831 - Restricted	1,423,599	Restricted by 82.14.370 for publicly owned capital projects that further economic development.

196	Affordable Housing			
.01	Affordable Housing	30831 - Restricted	86,520	Restricted by RCW 36.22.178 to provide housing & shelter for low-income households.
.02	Homelessness	30831 - Restricted	459,144	Restricted by RCW 36.22.179/1791 to prevent homelessness.
.03	Housing REET	30831 - Restricted	5,111,185	Restricted by RCW 82.46.075 to use on affordable housing.
.04	Housing Affordable & Supportive	30831 - Restricted	99,609	Restricted by RCW 82.14.540 for use on affordable and supportive housing.
Total Affordable Housing			5,756,458	
197	Criminal Justice Receiving	30831 - Restricted	140,210	Restricted by RCW 82.14.310 for criminal justice purposes.
306	Capital Improvement			
.01	REET 1	30831 - Restricted	2,687,287	Restricted by RCW 82.46.010 to capital facilities projects.
.02	REET 2	30831 - Restricted	4,004,897	Restricted by RCW 82.46.035 to Roads, Parks, & utilities capital projects.
.03	Capital Reserves	30831 - Restricted	1,514,600	REET 1 funds committed to capital reserves. Funds are still subject to standard REET 1 restrictions.
.04	Trial Court Improvement Funds	30831 - Restricted	55,878	Restricted by RCW 3.58.060 to improvements for courts.
.05	Elections Equipment Reserves	30831 - Restricted	80,449	Restricted by terms of elections grants.
Total Capital Improvement Fund			8,343,111	
401	Solid Waste Fund	30831 - Restricted	1,564,900	Excise tax revenue is restricted by RCW 36.58.045. All are limited to waste disposal activities.
Total Restricted or Committed Fund Balances			54,265,987	

NOTE 2 – BUDGET COMPLIANCE

San Juan County adopts annual appropriated budgets for all funds except fiduciary funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

In the general election of 2019, the electorate approved a charter amendment to permit the County to adopt biennial budgets. The County adopted a biennial budget for 2020/2021. They did so by adopting, at the same time, two annual budgets: one for 2020 and one for 2021.

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 for 2021 are presented in the table below.

Fund #	Fund Name	Final Appropriations	Final Expenditures	Variance
001	County Current – General	23,256,639	21,756,443	-1,500,196
002	Current Expense Grants Clearing	6,560,455	4,501,166	-2,059,289
003	Budget Stabilization Fund	0	0	0
005	Insurance Cumulative Reserve	301,000	93,351	-207,649
006	Environmental Stewardship Fund	161,856	83,319	-78,537
007	Emergency Management	148,106	117,803	-30,303
102	SJC Conservation Area Fund	14,370,520	7,150,527	-7,219,993
103	Land Bank Stewardship & Management	4,826,316	1,459,518	-3,366,798
104	SJC Noxious Weed Control	230,836	171,665	-59,171
105	Veterans' Assistance Fund	129,692	24,994	-104,698
109	San Juan County Parks	2,491,782	1,636,525	-855,257
110	Treasurer's Operation & Maintenance	50,704	42,748	-7,956
111	Dog License	23,825	21,918	-1,907
112	County Roads	24,021,348	11,206,397	-12,814,951
119	Emergency Communication	3,767,259	3,099,485	-667,774
122	Lodging Tax Fund	1,772,420	1,304,369	-468,051
125	Auditor Document Preservation	101,337	36,097	-65,240
127	Crime Victims	2,741	2,741	0
128	Mental Health Tax Fund	837,947	637,729	-200,218
169	Orcas Senior Services Building	81,143	62,183	-18,960
191	DSHS Fund	0	15,607	15,607
192	Septic & Housing Loans	254,189	150,047	-104,142
195	Public Facilities Improvement Receiving	1,373,247	680,224	-693,023
196	Affordable Housing Fund	1,657,086	1,037,093	-619,993
197	Criminal Justice Receiving Fund	222,200	222,200	0
200	Bond Redemption Fund	2,078,830	2,079,427	597
306	Capital Improvement Fund	5,935,496	925,564	-5,009,932
315	Clean Water Utility Fund	796,170	503,616	-292,554
315	Clean Water Utility Capital Projects	1,728,455	383,283	-1,345,172
401	Solid Waste Fund	1,259,637	543,483	-716,154
501	Equipment Rental & Revolving	2,142,290	2,142,260	-30
502	Information Technology	1,785,476	1,784,072	-1,404
	Grand Total	102,369,002	63,875,854	-38,493,148

Notes: In a cash-basis entity, ending cash is budgeted as an expenditure. The numbers in this and the following table include only appropriated expenditures, not estimates of ending cash.

The table above includes transfers between funds that are rolled up for reporting purposes. When funds are reported together (“rolled up”) as one fund, transfers between them are eliminated. For example, Fund 103 is a managerial fund of Fund 102, and they are reported together. Any transfers between them would be eliminated from the report. In this table, each fund is reported separately, and transfers between them are included in appropriations and expenditures.

In San Juan County, 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 Council. The table below shows funds that had significant changes to appropriations during 2021, and the major reasons for those changes. Any fund with a decrease in appropriations is also included.

Fund #	Fund Name	Original Approp Amts	Final Approp Amts	\$ Change in Approps	% Change in Approps	Reason for Change
001	County Current - General	21,284,572	23,256,639	1,972,067	9.27%	Various, including returning \$411 K to budget stabilization fund, \$100 K interagency loan to CPWD, & \$1 M in new/carryforward grants.
002	Current Expense Grants Clearing	3,950,812	6,560,455	2,609,643	66.05%	More grants, including \$1.7 M in ARPA grants and \$700 K in COVID-related Health & Comm'ty Services grants.
006	Environmental Stewardship	0	161,856	161,856	-	Fund created in 2021 for new ES Dept; funding & appropriations were moved here from Grants Fund Dept 40.
102	Conservation Area	4,924,090	14,370,520	9,446,430	191.84%	Added multiple property purchases, using extraordinary REET income.
103	Land Bank Stewardship & Management	1,661,522	4,826,316	3,164,794	190.48%	Added \$3 M loan to CAF, to facilitate purchase of prime property on Orcas Island.
105	Veterans' Assistance	86,400	129,692	43,292	50.11%	Increased appropriations to match higher-than-budgeted beginning cash.
109	San Juan County Parks & Fair	2,176,134	2,491,782	315,648	14.50%	Various, including capital project carryforwards of \$164 K and additional funding for fairground solar of \$162 K.
110	Treasurer's Operation & Maintenance	35,948	50,704	14,756	41.05%	Carry forward purchase of software enhancement for Treasurer.
112	County Roads	19,682,801	24,021,348	4,338,547	22.04%	Carry forward multiple projects, plus \$830 K in new grant-funded projects.
119	Emergency Communication	809,595	3,767,259	2,957,664	365.33%	Carry forward construction of new radio system.
122	Lodging Tax	1,532,082	1,772,420	240,338	15.69%	Carry forward awards that were not able to be used in 2020.
125	Auditor Document Preservation	76,958	101,337	24,379	31.68%	Carry forward \$14 K unused awards from 2020; add \$10 K for recording system maintenance not billed in 2020.
195	Public Facilities Improvement	623,877	1,373,247	749,370	120.12%	Carry forward awards not used in 2020.
200	Bond Redemption	2,184,532	2,078,830	-105,702	-4.84%	Adjusted estimated debt service to known amount.
306	Capital Improvement	5,086,443	5,935,496	849,053	16.69%	Carry forward unused projects; additional \$650 K award for Prune Alley project.
	Grand Total (above funds)	64,115,766	90,897,901	26,782,135	41.77%	
	Grand Total All Funds	75,268,452	102,369,002	27,100,550	36.01%	

NOTE 3 – DEPOSITS AND INVESTMENTS

It is the County's policy to invest all temporary cash surpluses. RCW 36.29.020 gives the Treasurer the authority to invest residual cash from all moneys in her custody or control "which are not required for immediate expenditure." Therefore, unless otherwise directed by the fund manager, by statute, or by local code, the interest on these investments is posted to the general (Current Expense) fund.

Local Government Investment Pool (LGIP) holdings are presented at fair market value. Government securities and certificates of deposit are presented at original cost. Investments by type as of December 31, 2021, were as follows:

Type of Investment	SJC's Deposits & Investments	Deposits & Investments held by SJC as an Agent of Other Local Government	Residual Cash	Total
Bank Deposits*	46,544,651	11,281,037	(61,307,762)	(3,482,074)
LGIP	25,173,176	17,916,751	33,307,762	76,397,690
US Govt Securities	-	-	28,000,000	28,000,000
Business Savings	-	433,828	-	433,828
Totals	71,717,828	29,631,616	-	101,349,444

* net of \$5,384,059.10 warrants outstanding

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 United States Securities and Exchange Commission (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.

Investments in County Investment Pool

The County is a voluntary participant in the San Juan County Investment Fund (Fund 699), an external investment pool operated by the County Treasurer. The pool is not rated or registered with the SEC. Rather, oversight is provided by the County Finance Committee in accordance with RCW 36.48.070. The County reports its investment in the pool at fair market value, which is the same as the value of the pool per share. The pool does not impose liquidity fees or redemption gates on participant withdrawals.

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. San Juan County's deposits and certificates of deposit are 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 County's name.

NOTE 4 – EXTERNAL INVESTMENT POOL

The external investment pool sponsored by the County is Fund 699. The pool has participated in the Local Government Investment Pool (LGIP) since 1992. The pool's investments are invested pursuant to the Revised Code of Washington (RCW). RCW 36.29.010 and 36.29.020 authorize the County Treasurer to invest 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, and to deposit the earnings from such investments into the current expense fund of the county, to be used for general county purposes. The total income from the external investment pool assigned to the County's general fund during 2021 was \$31,727. These investments made by the County Treasurer on behalf of the participants represent involuntary participation in the County Treasurer's investment pool, as the funds are required to be invested by statute. As of December 31, 2021, 58.5% of the County Treasurer's Pool consists of these involuntary investments (referred to, in San Juan County, as "residual cash").

The Treasurer may also invest the funds of local governments at their direction (RCW 36.29.022). Any credits or payments to pool participants are calculated and made in a manner as required by RCW 36.29.024. Voluntary participants in the County Treasurer's pool include most of the County's jurisdictions, as well as various County funds. The deposits held for both involuntary and voluntary entities are included in Fund 6991, the Investment Fund.

The investments are managed by the Treasurer, who reports investment activity to the County Finance Committee quarterly. Additionally, County Treasurer investment activity is subject to annual financial reporting, compliance oversight, and an annual audit. 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.

NOTE 5 – LONG-TERM DEBT

The accompanying Schedule of Liabilities provides more detail about 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 other debt as of the end of 2021, including both principal and interest, are as follows:

	Principal	Interest	Total
2021	1,822,446	540,486	2,362,932
2022	1,872,030	443,791	2,315,821
2023	1,774,629	376,053	2,150,682
2024	1,822,759	328,998	2,151,757
2025	1,871,433	280,417	2,151,850
2026	1,236,550	230,463	1,467,013
2027-2031	3,225,800	829,875	4,055,675
2032-2036	3,337,835	466,314	3,804,149
2037-2040	1,919,916	111,159	2,031,075
Totals	18,883,398	3,607,556	22,490,954

NOTE 6 – ENVIRONMENTAL AND CERTAIN ASSET RETIREMENT LIABILITIES

The County is required to disclosure pollution remediation efforts and asset retirement obligations that represent significant, estimable liabilities for the County.

Pollution Remediation.

The County has contaminated ground under a closed solid waste landfill site on Orcas Island. Under state law (WAC 173-304), the County is responsible for remediation. The County is working with the State Department of Ecology and a private engineering firm to ensure proper monitoring until the County receives notice of final closure. Post-closure cost estimates are updated annually and are included in the County's Schedule of Liabilities. The total estimated liability as of year-end 2021 is \$197,717.

Asset Retirement Obligations.

San Juan County's Conservation Area Fund ("Land Bank") managed two asset retirements in 2021. An old, above-ground fuel tank on the Coffelt Farm Preserve on Orcas Island was replaced with a newer, compliant tank. The old tank had not leaked, so no remediation was required. There was no cost to replacing the tank, as the farm's tenant replaced it at their own cost. No additional costs are anticipated. In addition, a well on the old Lester property, purchased and added to the Cady Mountain Preserve on San Juan Island in 2018, was decommissioned at a cost of \$3,585. No additional maintenance costs are expected.

The Land Bank still has twenty-four wells on its properties, two of which are private wells that are on Land Bank property by easement. Of the remaining twenty-two, seventeen are drilled wells. All seventeen are capped and sealed. Two are in use, and one of those is currently in need of repair. Repair costs are estimated at \$2,000. No other maintenance or de-commissioning costs are anticipated in the foreseeable future. The other five wells are dug wells. Two are capped, and one of the two is in use, on the Coffelt Farm Preserve. The other three are not capped, are not in use, and are not anticipated to require maintenance or de-commissioning in the foreseeable future.

Public Works has two wells on properties that it owns. One is active and serves the Beaverton Operations Center on San Juan Island. No retirement costs are anticipated in the foreseeable future. The other, on Lopez Island, has silted up and failed. A contract is currently being let to have the well de-commissioned. Staff estimate that the de-commissioning will cost about \$10,000. No further maintenance costs will be required after the well is de-commissioned.

Parks has three active wells, at San Juan County Park on San Juan Island, Odlin Park on Lopez Island, and Shaw Park on Shaw Island. None are anticipated to require de-commissioning within the foreseeable future.

To the best of our knowledge, the County has no other potentially harmful assets which will require retirement within the foreseeable future.

NOTE 7 – INTERFUND LOANS

San Juan County had activity on two interfund loans, one intrafund loan, and two interagency loans during 2021. The loans were:

- From the Land Bank Stewardship & Management Fund to the Conservation Area, to pay off an installment sale more quickly and at a lower interest rate.
- From the Public Facilities Fund to the Emergency Communications Fund, a bridge loan until a new sales tax kicked in.

- From the Housing REET Department of the Affordable Housing Fund to the Affordable & Supportive Housing (ASH) Department of the same fund, to enable the new ASH department to assist with rental assistance during a year when it was much needed.
- From San Juan County's Current Expense Fund to the Eastsound Sewer & Water District, to assist with funding upgrades made necessary by road improvements in Eastsound.
- From San Juan County's Current Expense Fund to the Cattle Point Water District, as a bridge loan until a USDA loan funded.

Borrowing Fund/Agency	Lending Fund/Agency	Balance 1/1/2021	New Loans	Repay-ments	Balance 12/31/2021
Conservation Area Fund	Land Bank Stewardship & Mgt Fund	\$565,000	\$0	\$565,000	\$0
Emergency Communications Fund	Public Facilities Fund	\$100,000	\$0	\$100,000	\$0
Affordable Housing Fund, Housing REET Dept	Affordable Housing Fund, Affordable & Supportive Housing Dept	\$60,000	0	\$30,000	\$30,000
Eastsound Sewer & Water District	Current Expense	\$0	\$30,333	\$0	\$30,333
Cattle Point Water District	Current Expense	\$0	\$100,000	\$0	\$100,000
Totals		\$725,000	\$130,333	\$695,000	\$160,333

NOTE 8 – COMPONENT UNITS, JOINT VENTURES, AND RELATED PARTIES

In 1988, one of the conditions of a \$250,000 grant from the San Juan County Lodging Tax Fund to the San Juan Community Theatre was that the County maintained a 10.26% undivided minority interest in the theater's real property. Similarly, in 1999, the County acquired a 17% (\$250,000) minority interest in the Lopez Community Center, also with lodging tax funds. The San Juan Community Theatre and the Lopez Community Center operate these facilities through their boards of trustees. The San Juan Community Theatre has the right to repurchase the County's fractional interest at its fair market value less ten percent (10%), but not less than \$250,000. In January 2012, the County signed a management and operating agreement with the San Juan Community Theatre that clarifies each party's mutual responsibilities regarding shared and separate interests.

The County also shares ownership of the Orcas Senior Services Building. The County owns 49% of the property, buildings, and improvements. The Senior Services Council of San Juan County, Inc. owns the other 51%. Through 2014, the Senior Council managed the building, and the County reimbursed 49% of the costs, plus an additional amount for overhead. In February of 2015, at the request of the Senior Council, a new operating agreement was signed that shifted management of the building to the County. At that time, the County formed a new fund – Fund 169, Orcas Senior Services Building Fund – and deposited the joint operating funds into the new account. Now obligations of the shared operation are paid out of this fund, and the parties reimburse their share of the expenses, in proportion to their ownership share. In addition, the County deposited a \$10,000 “float” amount into the fund, to ensure that the fund balance remains positive until reimbursements are received. The \$10,000 remains the exclusive property of the County. Funds other than the \$10,000 belong half to the County and half to the Senior Services Council. The portion belonging to the Senior Services Council is reported as restricted fund balance.

The Lopez Solid Waste Disposal District (LSWDD) was formed by the San Juan County Council by ordinance in 2012. Although the district is a separate, legal corporation with taxing authority, the County Council, as required by RCW 36.58.100, is the governing body of the district. The Council appoints a

managing board to manage the daily operations of the district. The Council also approves the budget of the district. LSWDD has a contract to operate the County's solid waste transfer station on Lopez Island. The district is funded, in part, by a one-year property tax levy, which has passed with about 80% approval from voters each of the last ten years. In 2021, the district appropriated \$455,174 and spent \$576,217. The district now understands that spending may not exceed appropriations, regardless of how much cash it has on hand.

San Juan County has three separate island library districts, which individually operate the San Juan Island Library, Orcas Island Library, and Lopez Island Library. Each library has five board members. As prescribed by RCW 27.12.190, the County Council appoints the board members of the library districts, acting on the recommendations of the existing board members. The Council has no further role in the operations or governance of the libraries.

The San Juan Island Library District was formed in 1982. Its budgets can be found on the "Board Documents" page of the library's website at <https://www.sjlib.org/about-the-library/board-of-trustees/board-minutes-and-library-documents/>. The Orcas Island Library District was formed in 1987. Its budgets can be found on the "Financial Documents" page of the library's website at <https://orcaslibrary.org/stakeholders.html>. The Lopez Island Library District was formed in 1977. Its financial statements are available by public records request.

Annual reports for all districts can be found on the State Auditor's website (www.sao.wa.gov).

NOTE 9 – PENSION PLANS

Substantially all San Juan County full-time and qualifying part-time employees participate in one of 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), Plans 1, 2, and 3; Law Enforcement Officers' and Firefighters' Retirement System (LEOFF), Plans 1 and 2; and Public Safety Employees' Retirement System (PSERS), Plan 2.

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

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

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

Alternatively, the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

As of June 30, 2021 (the measurement date of the plans), the county's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

Plan	DRS-Schedule of Employer and Nonemployer Allocations		DRS-Schedule of Collective Pension Amt's for FY 2021	Ending Balance 12/31/2021
	Employer Contributions	Allocation Percentage*		
PERS 1	\$ 9,093.90	0.001221%	\$ 1,221,234,000	\$ 14,911
PERS 1 UAAL	\$ 711,967.68	0.095581%	\$ 1,221,234,000	\$ 1,167,268
		Total Net Pension Liability (Schedule 09)		\$ 1,182,179
PERS 2/3	\$ 1,120,696.74	0.118308%	\$ (9,961,609,000)	\$ (11,785,380)
PSERS 2	\$ 38,110.90	0.078085%	\$ (229,739,000)	\$ (179,392)
LEOFF 1		0.007830%	\$ (3,425,562,000)	\$ (268,221)
LEOFF 2	\$ 106,981.31	0.053667%	\$ (5,808,414,000)	\$ (3,117,202)
		Net Pension Assets (do not net with the liabilities)		\$ (15,350,195)

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. San Juan County current has two LEOFF 1 retirees and no LEOFF 1 employees.

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.

The County also contributes \$6,000 per year to the DRS Deferred Compensation Plan (DCP) on behalf of one participant. DCP is a defined contribution plan (IRC Section 457) administered by the Washington State Department of Retirement Systems (DRS). Contributions to it are tax deferred. The employee is also allowed to contribute.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS

San Juan 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. The plan provides medical, dental, and life insurance 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. The County had 235 active plan members and 28 retired plan members as of December 31, 2021. As of June 30, 2021, the County had 235 active plan members and 28 retired plan members, and the County's total OPEB liability was \$10,618,393 as calculated by a tool that estimates liability using the same methods and assumptions used in the alternative measurement method. The County contributed \$2,658,072 to the plan for the year ended December 31, 2021.

The LEOFF I Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by San Juan County as required by RCW 41.26. The plan pays for 100% of eligible retirees' healthcare costs on a pay-as-you-go basis. As of December 31, 2021, the County had two members, both retirees. As of June 30, 2021, the County had two members, both retirees, and the

County's total OPEB liability for LEOFF 1 was \$1,178,033, as calculated using the alternative measurement method. For the year ended December 31, 2021, the County paid \$18,736 in benefits.

NOTE 11 – PROPERTY TAX

The County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed daily.

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

The County's general property tax levy has a statutory maximum of \$1.80 per \$1,000 of assessed valuation (AV). In November of 2019, voters approved a permanent lift to 85 cents total. This new levy replaced, for 2020, the 2019 rate of 77.63 cents per \$1,000. The County's regular levy for collection in the year 2021 was \$0.8246316414 per \$1,000 on an assessed valuation of \$8,843,262,742 for a total levy of \$7,292,434. The general levy included an earmarked Mental Health levy of \$0.0081906421, or \$72,432. There was no Veterans Relief levy in 2021, as the amount in the Veterans' Assistance Fund in September of 2020 exceeded the amount that would have been generated by a levy (RCW 73.08.080).

The County is also authorized to levy up to \$2.25 per \$1,000 of assessed valuation in unincorporated areas for road construction and maintenance. The County's road levy for collection in 2021 was \$0.6018390845 per \$1,000 on an assessed valuation of \$8,170,743,304 for a total road levy of \$4,917,473. That levy included a \$350,000 diverted road levy as authorized by RCW 36.33.220. A separate levy for marine navigation and moorage facilities, as authorized by RCW 36.82.070(2), was levied at the rate of \$0.0036716366 per \$1,000 on an assessed valuation of \$8,170,743,304 for a total levy of \$30,000.

The County levies an additional, "conservation futures" levy for the purpose of acquiring open space, land, or rights to future development of land. This additional levy is limited by statute to a maximum of \$0.0625 per \$1,000 of AV. The conservation futures levy for collection in 2021 was \$0.0379289714 per \$1,000 on an assessed valuation of \$8,843,262,742 for a total conservation futures levy of \$335,416.

NOTE 12 – RISK MANAGEMENT

San Juan 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 fifteen 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 participated 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, San Juan County selected a per-occurrence deductible of \$10,000.

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 member counties group purchase an additional \$5,000,000 policy in excess of the pooled \$20,000,000.

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

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

During the fiscal year (October 1, 2020 through September 30, 2021), San Juan County was one of twenty-six (26) counties that participated in the Washington Counties Property Program (WCPP). Two participating members withdrew from the WCRP at the end of the fiscal year. Under the WCPP, losses to the participating counties' buildings and contents, vehicles, mobile/contractor equipment, EDP and communication equipment, and other scheduled property are covered. 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.

San Juan 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 San Juan 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, and c) authorize by two-thirds majority vote commencement of lawsuits in the name of the Pool.

During fiscal year 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.

Full financial statements for the Washington Counties Risk Pool can be obtained by writing the Executive Director at:

Executive Director
Washington Counties Risk Pool
2558 RW Johnson Rd SW, Suite 106
Tumwater, WA 98512-6103

NOTE 13 – COVID-19 PANDEMIC

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of COVID-19. Precautionary measures to slow the spread of the virus continued throughout 2021. These measures included limitations on business operations, public events, gatherings, travel, and in-person interactions.

The County responded quickly to the health and economic threats posed by the virus. Because of the virus, many County offices were closed to the public and many County employees began to work from home. The business of the County continued to be conducted, via mail, appointments, online services, remote meetings, and other accommodations. To cut costs, the County offered an early retirement incentive, as well as seeking other cost reductions. It participated in every available grant program and shared some of its grants with community businesses and non-profits.

The effects of the virus on County revenue in 2020 were surprisingly mild. Interest revenue was sharply reduced, but it is a minor revenue source. Sales tax revenue – the general funds' largest source of revenue – decreased only slightly. On the other hand, a marked increase in real estate activity, possibly caused by an increased interest in living remotely, had a markedly positive effect on the County. Planning and permitting revenues came in substantially above budget, and real estate excise taxes, which benefit the Land Bank, the Capital Improvement Fund, and the Housing Fund, all increased by almost 50% over the previous year.

Roads revenues were sharply curtailed early in the pandemic, because of reduced travel. Prospects improved as people started driving again. At year-end, Capron Refunds were down about 8% and Motor Vehicle Fuel Tax (MVFT) about 14%. Parks and Fair also suffered. Camping at County parks was prohibited from the middle of March through the middle of June, then permitted at only 50% until the middle of September. The County Fair was held “virtually,” including a successful 4-H livestock auction. The loss of camping and fair revenue necessitated an additional \$200,000 transfer from the general fund, just to keep the Parks and Fair Fund afloat.

2021 did not bring the hoped-for relief. Health & Community Services struggled to keep up with the need for advice, information, contact tracing, and vaccinations. The Department of Emergency Management was helpful in securing National Guard assistance with vaccine delivery. Vaccines rolled out slowly over the first half of the year, meeting more resistance than anticipated. New variants of the disease popped up late summer and again in December, dampening hopes that the contagion would be swiftly dealt with.

Nonetheless, the economy began to recover, with adjustments. Stores and businesses reopened, with barriers for staff and mask requirements for staff and customers. Federal and state grants and loans continued to roll out, including programs targeting the hardest hit sectors, such as restaurants and performance venues.

County revenues continued to surprise. Sales tax, real estate excise taxes, and permitting revenue exceeded budget by 42%, 45%, and 24%, respectively. Tourism thrived, and lodging tax grew a whopping 80%, following a 25% drop in 2020. With unexpected revenue flowing in, the County’s cash position also improved; ending cash in the County grew 28% in 2020 and another 45% in 2021.

Nonetheless, some sectors of the economy are still suffering. Construction has been hard hit by supply chain issues. Restaurants, even those that would like to be open, are stymied by labor shortages. And not all customers are ready to come back yet.

The County is using part of its \$3.4 million American Rescue Plan Act (ARPA) distribution to address some of these issues. Affordable housing, childcare, and utility assistance are three of the programs the County has supported. It has also provided additional funding to the local economic development office to assist their recovery effort, as well as reserving funds for public health response.

The length of time these measures will continue to be in place, and the full extent of the direct or indirect financial impact on San Juan County is unknown at this time. By the time the mask mandate was lifted in March of 2022, all County offices were open, and the County Council was already meeting in person. It remains to be seen how much County work will remain at home or online, now that the world has learned to work remotely. And of course, it remains to be seen whether this disease is through with us yet.

NOTE 14 – OTHER DISCLOSURES

New Bond

In February of 2021, San Juan County issued a new, 20-year, \$8 million bond. The purpose of the bond is to finance a County Roads operations center. Planning has been underway for the center for years. Construction is underway, with occupancy expected by the end of 2022. The building will be

owned by, and debt payments made by, the Roads Fund, supported by rent payments from ER&R and Facilities.

Fund Changes

Because of new recommendations from the Government Accounting Standards Board (GASB), the County changed the fund numbers of four funds beginning in 2021.

- The County's Investment Fund, formerly Fund 600, is now Fund 699, an external investment pool.
- Fund 611, Section 125 Medical/Childcare, was formerly reported as a pension/OPEB trust fund. With the dissolution of the County's Section 125 plan some years ago, the fund was re-purposed to collect and remit child support payments to DSHS. Based on its current usage, it has been re-designated as a special purpose, Fund 191, DSHS Fund. The change was made for reporting purposes in 2021. However, the fund had already been set up in the financial system for 2021 as a fiduciary account. Therefore, it was not budgeted in 2021. It will be budgeted for 2022.
- Fund 612, Fire #3 Length of Service Award Program, became Fund 6565 (a component of Fund 656). The fund had been reported as a pension/OPEB trust fund but is more appropriately considered a custodial fund belonging to San Juan County Fire Protection District #3.
- Fund 621, District/Superior Court Trusts, had been classified as a private purpose trust. This fund is fiduciary in nature but is not a private purpose trust. It has been changed instead to a custodial fund, Fund 682.

San Juan County formed two new funds in 2021 and 2022. In 2021, Council created a new department to serve as the focal point for environmental and climate efforts. To manage the operations of the new Environmental Stewardship Department, a new Environmental Stewardship Fund was created. The Fund, # 006, is a management fund of the general fund and is funded by program grants as well as transfers from the Current Expense and other funds. It went into use in October of 2021.

In 2022, Facilities moved out of the Current Expense Fund and into a fund of its own. Having long approximated an internal service fund, the new fund was numbered Fund 5031 and is now officially an internal service fund. Part of the motivation for the change was to share the overhead costs of the department more evenly, allocating them out proportionately to all users of the fund's services.

Beginning Cash Variances

Beginning cash in Fund 001, the County's General Fund, is \$622.96 greater than ending cash in 2020. Although the amount is immaterial, staff is investigating the variance and hope to identify and resolve its cause.

Subsequent Events

In June of 2022, the County signed a contract to replace its current financial system, Tyler Eden, with Tyler Enterprise ERP (commonly called Munis). The effort has just begun. Projected go-live is currently July 2023 for Financials and October 2023 for Payroll, with the expectation that the County will be fully in Munis by January 2024. In addition, the County is likely to accept an option proposed in the Munis contract, which is implementation of EnerGov, a planning and permitting software. EnerGov would replace the County's current planning and permitting software, SmartGov. No date has been set for the EnerGov implementation.

The software upgrades are budgeted and fully funded out of the Capital Improvement Fund, Capital Reserves department.

**San Juan County
Schedule of Liabilities
For the Year Ended December 31, 2021**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	2012 Refunding GO Bonds - Land Bank New	12/1/2026	515,000	-	80,000	435,000
251.11	2012 Refunding GO Bonds - Land Bank 2006 Defeasing	12/1/2026	1,000,000	-	160,000	840,000
251.11	2012 Refunding GO Bonds - Land Bank 2002 Refunded	12/1/2026	765,000	-	120,000	645,000
251.11	2012 Refunding GO Bonds - Landfill Capital	12/1/2026	85,000	-	10,000	75,000
251.11	2016 Refunding GO Bond - Land Bank	12/1/2036	3,050,000	-	125,000	2,925,000
251.11	2016 Refunding GO Bond - Carlson Building	12/1/2026	745,000	-	110,000	635,000
251.11	2016 Refunding GO Bond - Orcas Dock	12/1/2028	1,105,000	-	120,000	985,000
251.11	2020 GO Bond - Radio System	12/1/2025	3,235,900	-	617,099	2,618,801
251.11	2021 GO Bond - Operations Ctr Building	12/1/2040	-	8,050,500	298,349	7,752,151
263.96	San Juan County Parks - Odlin Park Renovation	12/1/2021	15,000	-	15,000	-
263.61	Land Bank Promissory Note - Double R Bar Ranch	3/1/2022	300,000	-	150,000	150,000
Total General Obligation Debt/Liabilities:			10,815,900	8,050,500	1,805,448	17,060,952
Revenue and Other (non G.O.) Debt/Liabilities						
263.99	Septic Revolving Loan - SEPTC, Loan # L1200013	6/30/2021	16,998	-	16,998	-
259.12	Compensated Absences - Governmental & Proprietary		1,659,556	20,120	-	1,679,676
263.22	Liabilities for Landfills Closure and Postclosure		237,617	-	39,900	197,717
264.30	Pension Liabilities		5,125,828	-	3,943,649	1,182,179
263.12	Claims and Judgments		-	-	-	-
264.40	OPEB PEBB Liabilities		13,762,601	-	3,144,208	10,618,393
264.40	OPEB LEOFF 1 Liabilities		1,303,154	-	125,121	1,178,033
Total Revenue and Other (non G.O.) Debt/Liabilities:			22,105,754	20,120	7,269,876	14,855,998
Total Liabilities:			32,921,654	8,070,620	9,075,324	31,916,950

San Juan County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA State Department of Health)	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	18HC.007	88,947	-	88,947	-	6
SNAP Cluster								
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via Washington State University)	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	21HC.011	38,406	-	38,406	-	3
Total SNAP Cluster:				38,406	-	38,406	-	
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION, COMMERCE, DEPARTMENT OF (via National Fish and Wildlife Foundation)	NOAA Mission-Related Education Awards	11.008	18EN.018	33,876	-	33,876	-	5
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION, COMMERCE, DEPARTMENT OF (via Washington State Recreation and Conservation Office)	Pacific Coast Salmon Recovery Pacific Salmon Treaty Program	11.438	19PK.009	21,707	-	21,707	-	3
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via WA Department of Commerce)	COVID 19 - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	20HC.044	38,004	-	38,004	-	

The accompanying notes are an integral part of this schedule.

San Juan County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via WA Department of Commerce)	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	17HC_072	139,417	-	139,417	135,917	
			Total CFDA 14.228:	177,421	-	177,421	135,917	
U.S. FISH AND WILDLIFE SERVICE, INTERIOR, DEPARTMENT OF THE (via US Fish & Wildlife Service)	Endangered Species Recovery Implementation	15.657	21LB.023	8,388	-	8,388	-	3
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via WA Department of Commerce)	Crime Victim Assistance	16.575	20PA.002	74,832	-	74,832	-	3
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via WA Department of Commerce)	Crime Victim Assistance	16.575	21PA.003	24,813	-	24,813	-	3
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via WA Department of Commerce)	Crime Victim Assistance	16.575	20JV.005	10,572	-	10,572	-	3
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via WA Department of Commerce)	Crime Victim Assistance	16.575	21PA.002	14,588	-	14,588	-	3
			Total CFDA 16.575:	124,805	-	124,805	-	
OFFICE ON VIOLENCE AGAINST WOMEN, JUSTICE, DEPARTMENT OF (via WA State Department of Commerce)	Violence Against Women Formula Grants	16.588	19PA.002	30,075	-	30,075	-	3

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San Juan County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via N/A)	Bulletproof Vest Partnership Program	16.607	OMB 1121- 0235	1,742	-	1,742	-	
Highway Planning and Construction Cluster								
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Department of Transportation)	Highway Planning and Construction	20.205	18RD.026	84,479	-	84,479	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Department of Transportation)	Highway Planning and Construction	20.205	20RD.021	6,333	-	6,333	-	6
Total Highway Planning and Construction Cluster:				90,812	-	90,812	-	
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Military Department)	E-911 Grant Program	20.615	20SH.008	5,288	-	5,288	-	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Administrative Office of the Courts)	COVID 19 - Coronavirus Relief Fund	21.019	SLT 0017	34,819	-	34,819	-	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via N/A)	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	22AD.006	441,268	-	441,268	-	3

The accompanying notes are an integral part of this schedule.

San Juan County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY (via WA State Department of Fish and Wildlife)	Puget Sound Action Agenda: Technical Investigations and Implementation Assistance Program	66.123	20EN.024	81,686	-	81,686	-	3
ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY (via WA State Department of Ecology)	National Estuary Program	66.456	19EN.023	28,240	-	28,240	-	3
ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY (via WA State Department of Ecology)	National Estuary Program	66.456	21EN.031	33	-	33	-	3
ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY (via Puget Sound Partnership)	National Estuary Program	66.456	20EN.022	89,782	-	89,782	-	3
ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY (via Puget Sound Partnership)	National Estuary Program	66.456	21EN.024	20,154	-	20,154	-	3
Total CFDA 66.456:				138,209	-	138,209	-	

Clean Water State Revolving Fund Cluster

ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY (via Department of Ecology State of Washington)	Clean Water State Revolving Fund	66.458	17HC.021	131,958	-	131,958	-	
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The accompanying notes are an integral part of this schedule.

San Juan County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
	Total Clean Water State Revolving Fund Cluster:			131,958	-	131,958	-	
ELECTION ASSISTANCE COMMISSION, ELECTION ASSISTANCE COMMISSION (via WA Office of the Secretary of State)	COVID 19 - 2018 HAVA Election Security Grants	90.404	20AU.003	5,212	-	5,212	-	
Aging Cluster								
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Northwest Regional Council)	COVID 19 - Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	21HC.006	121,394	-	121,394	-	
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Whatcom Council on Aging)	Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	17HC.024	7,200	-	7,200	-	
	Total Aging Cluster:			128,594	-	128,594	-	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Department of Health)	Public Health Emergency Preparedness	93.069	18HC.007	2,722	-	2,722	-	6
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via N/A)	Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	21HC.043	14,512	-	14,512	-	

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San Juan County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Department of Health)	COVID 19 - Immunization Cooperative Agreements	93.268	18HC.007	149,220	-	149,220	-	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Department of Health)	Immunization Cooperative Agreements	93.268	CHL18257- Vaccines received in-lieu of cash	11,578	-	11,578	-	4
Total CFDA 93.268:				160,798	-	160,798	-	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Department of Health)	COVID 19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	18HC.007	443,193	-	443,193	-	
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA Dept of Social & Health Services)	Child Support Enforcement	93.563	9963-42272	38,350	-	38,350	-	3
Medicaid Cluster								
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Northwest Regional Council)	Medical Assistance Program	93.778	21HC.006	8,606	-	8,606	-	

The accompanying notes are an integral part of this schedule.

San Juan County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Health Care Authority)	Medical Assistance Program	93.778	18HC.032	4,750	-	4,750	-	
Total Medicaid Cluster:				13,356	-	13,356	-	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Health Care Authority)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	19HC.060	111,033	-	111,033	-	6
HEALTH RESOURCES AND SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Department of Health)	Maternal and Child Health Services Block Grant to the States	93.994	18HC.007	33,262	-	33,262	-	3
U.S. COAST GUARD, HOMELAND SECURITY, DEPARTMENT OF (via WA State Park and Recreation Commission)	Boating Safety Financial Assistance	97.012	20SH.010	10,315	-	10,315	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	COVID 19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	20RD.027	99,138	-	99,138	-	

The accompanying notes are an integral part of this schedule.

San Juan County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Emergency Management Performance Grants	97.042	20SH.022	27,086	-	27,086	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	COVID 19 - Emergency Management Performance Grants	97.042	20SH.015	16,341	-	16,341	-	
Total CFDA 97.042:				43,427	-	43,427	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Homeland Security Grant Program	97.067	19SH.004	112,429	-	112,429	31,524	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Homeland Security Grant Program	97.067	20SH.016	41,356	-	41,356	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Homeland Security Grant Program	97.067	20SH.005	28,370	-	28,370	-	
Total CFDA 97.067:				182,155	-	182,155	31,524	
Total Federal Awards Expended:				2,735,474	-	2,735,474	167,440	

The accompanying notes are an integral part of this schedule.

San Juan County

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.

Note 2 – Federal De Minimis Indirect Cost Rate

The County has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3 – Federal Indirect Cost Rate(s)

The amount expended includes indirect cost recovery using an approved indirect cost rate of 24 percent.

Note 4 – Noncash Awards

The amount of Vaccine in-lieu of Cash reported on the Schedule is the value of vaccines received by the County during current year and priced as prescribed by the Washington Immunization Program. CFDA #93.268.

Note 5 – Program Costs

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, are more than shown. Such expenditures are recognized following, as applicable, either the cost principles in the OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 6 – Prior Year Expense

Total prior year expenditures reported on the 2021 SEFA are \$12,377.88. This includes \$4,572.79 in CFDA #10.557 for 2020 expenditures that had revenue receipted in 2021, \$485.79 in CFDA #20.205 for 2020 expenditures that had revenue receipted in 2021, \$2,800 in CFDA #93.268 for 2020 expenditures that had revenue receipted in 2021, \$200 in CFDA #93.069 for 2020 expenditures that had revenue receipted in 2021, and \$4,279.30 in CFDA #93.959 for 2019 expenditures that had revenue receipted in 2021.



CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED UNDER UNIFORM GUIDANCE

San Juan 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).

Finding ref number: 2021-001	Finding caption: The County lacked adequate internal controls for ensuring the Schedule of Expenditures of Federal Awards was accurately prepared.
Name, address, and telephone of County contact person: Auditor Milene Henley P.O. Box 638 Friday Harbor, WA 98250 360-370-7551	
Corrective action the auditee plans to take in response to the finding: <i>The County has already corrected all the reporting errors associated with this finding. In order to prevent similar mistakes in the future, we will continue to work on training staff and trying to keep up with rapidly changing instructions in these hectic times. Specifically, staff will attend as many grant reporting classes as we can identify and will closely follow directives from Treasury and State Auditor staff.</i>	
Anticipated date to complete the corrective action: May 31, 2023	

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.

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