



Office of the Washington State Auditor  
Pat McCarthy

# Financial Statements and Federal Single Audit Report

## Jefferson County

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

*Published March 6, 2023*

Report No. 1032105



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

March 6, 2023

Board of Commissioners  
Jefferson County  
Port Townsend, Washington

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

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

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

Sincerely,

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

***Americans with Disabilities***

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## TABLE OF CONTENTS

Schedule of Findings and Questioned Costs.....	4
Schedule of Audit Findings and Responses.....	6
Summary Schedule of Prior Audit Findings .....	10
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	12
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance With the Uniform Guidance .....	15
Independent Auditor's Report on the Financial Statements.....	19
Financial Section.....	23
Corrective Action Plan for Findings Reported Under Uniform Guidance .....	71
About the State Auditor's Office.....	72

# SCHEDULE OF FINDINGS AND QUESTIONED COSTS

## Jefferson County January 1, 2021 through December 31, 2021

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

The results of our audit of Jefferson 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>ALN</u>	<u>Program or Cluster Title</u>
10.665	Forest Service Schools and Roads Cluster – Schools and Roads – Grants to States
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

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

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

## SECTION II – FINANCIAL STATEMENT FINDINGS

See Finding 2021-001.

## SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

## SCHEDULE OF AUDIT FINDINGS AND RESPONSES

### Jefferson County January 1, 2021 through December 31, 2021

#### **2021-001    The County's internal controls over preparing financial statements were inadequate for ensuring accurate and reliable reporting.**

##### ***Background***

State and federal agencies, County Commissioners, and the public rely on information included in the financial statements and reports to make decisions. County management is responsible for designing and following internal controls that provide reasonable assurance financial reporting is reliable and the financial statements and notes to the financial statements are accurate.

The County prepares its financial statements in accordance with the cash basis accounting method prescribed by the *Budgeting, Accounting and Reporting System* (BARS) Manual.

*Government Auditing Standards* requires the State Auditor's Office to communicate significant deficiencies in internal controls as a finding. The Applicable Laws and Regulations section below defines the standards for significant deficiencies.

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

Our audit found the following deficiencies that, when taken together, represent a significant internal control deficiency. Specifically, the County did not have internal controls in place to:

- Perform and document a global reconciliation to ensure the financial statements agreed to the general ledger and bank statements, including clearly identifying accurate and supported reconciling items
- Understand and correctly implement changes to BARS Manual requirements when accounting for financial activity and preparing the financial statements
- Perform an effective secondary review to detect errors in the financial statements before submitting them for audit

This issue was reported as a finding in the prior audit.

### *Cause of Condition*

The County converted its computer systems during the year, which added a layer of complexity to the financial statement preparation process. While the Treasurer's Office and the Auditor's Office now use the same system, they each use different parts. Although the Treasurer's Office reconciles its general ledger to the bank statements, staff have been unsuccessful in reconciling the two sides of the system. The conversion also took a significant portion of County finance staff's time, which hindered their ability to address prior audit recommendations.

During the prior audit, the County implemented BARS Manual changes for reporting fiduciary activity. However, County management and staff misunderstood the BARS Manual requirements for reporting fiduciary activity going forward.

In addition, the County did not dedicate sufficient time or resources to strengthening internal controls over its processes for implementing BARS Manual changes and preparing financial statements.

### *Effect of Condition*

We found the following errors in the County's financial statements:

- General fund transfers in and out were overstated by \$531,579.
- Investment trust fund activity was misclassified in the custodial fund, causing investment trust fund additions and deductions to be understated and custodial fund additions and deductions to be overstated by \$187,102,238.
- Custodial fund additions and deductions were overstated by an additional \$12,263,831.
- Ending cash and investments reported in the financial statements were \$436,461 less than reconciled bank statements. We could not identify the source of this likely error.
- Asset retirement obligations for the County's operational underground fuel tanks were not reported on the Schedule of Liabilities nor disclosed in the notes to the financial statements.

The County subsequently corrected most of these errors in the financial statements.

Because of the conditions described, we were unable to complete our audit of the County's financial statements in a timely manner. Delays in the availability of audited financial statements prevent County officials, the public, and other interested parties from obtaining timely information about the County. Such delays

also hinder transparency to citizens and our Office's efforts to compile statistical and financial information that the Legislature and other parties use.

### ***Recommendation***

We continue to recommend the County strengthen internal controls over preparing financial statements to ensure the statements it submits for audit are accurate, complete, and comply with BARS Manual requirements. Specifically, we recommend the County dedicate sufficient resources to ensure:

- The general ledger and financial statements agree to bank statements
- Employees responsible for preparing the financial statements understand and follow applicable BARS Manual requirements
- A knowledgeable person performs an effective secondary review of the financial statements to identify errors before submitting them for audit

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

*The County thanks the SAO for their review and commitment to Jefferson County. We appreciate their willingness to provide answers and information during the audit of the 2021 Annual Report. The implementation of the Munis Financial Suite in June 2021 replaced two systems, AS400 used by the Treasurer and GEMS used by the Auditor for general ledger maintenance and other tasks including financial reporting. This required reconciliation of three financial systems and using data uploaded from two systems to produce the annual report.*

*The County appreciates the SAO Audit Team that audited the implementation from AS400 and GEMS to Munis Financial Suite. We were pleased with the conclusion of this portion of the audit whereby the SAO relayed to the County, "... the auditor performing the system conversion testing was extremely complementary. He said it was one of the better conversions he has seen, that it was well thought out, well planned, and well documented."*

*The County continues to refine its processes and receive additional training. The County will conduct more and better documented review of its financial data for the 2022 Annual Report that will improve confidence in our reporting.*

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

We appreciate the County's commitment to resolving 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*

RCW 43.09.200, Local government accounting – Uniform system of accounting.

*The Budgeting, Accounting, and Reporting System (BARS) Manual – Accounting, Accounting Principles and Internal Control, Fund Types and Accounting Principles*

*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 265, Communicating Internal Control Related Matters Identified in an Audit, paragraph 7.



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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**Jefferson County**  
**January 1, 2021 through December 31, 2021**

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

<b>Audit Period:</b> 01/01/2020 – 12/31/2020	<b>Report Ref. No.:</b> 1030211	<b>Finding Ref. No.:</b> 2020-001
<b>Finding Caption:</b> The County's internal controls over preparing financial statements were inadequate for ensuring accurate and reliable reporting.		
<b>Background:</b> The 2020 audit found the following deficiencies that, when taken together, represent a significant internal control deficiency. Specifically, the County did not: <ul style="list-style-type: none"> <li>• Adequately reconcile its bank activity to the general ledger, which is used to prepare the financial statements and resolve any outstanding items or errors</li> <li>• Accurately implement new accounting changes in the BARS Manual related to fiduciary activities and cash and investment balance classifications</li> <li>• Perform an effective secondary review to detect errors in the financial statements submitted for audit</li> </ul>		
<b>Status of Corrective Action: (check one)</b> <input type="checkbox"/> Fully Corrected <input checked="" type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid		
<b>Corrective Action Taken:</b> <i>In 2021, the County implemented new financial software, Tyler Munis that combined two financial programs into one. This included a module for bank reconciliation. This module is partially resolved and we are making solid advancements in reconciling bank activity with the general ledger. All transactions have been recorded in the general ledger.</i> <i>Accurately implementing the new accounting changes relating to fiduciary activities and cash/investment balance classifications was completely resolved with the 2020 Annual Report. These corrections were made once we were made aware of them during the audit.</i> <i>In regards to performing a secondary review, the County has instituted a full review for 2021 Annual Report done over the period of two days to review the financials and the Notes by key financial staff and leadership staff.</i>		

<b>Audit Period:</b> 1/1/2019 – 12/31/2019	<b>Report Reference No.:</b> 1027597	<b>Finding Ref. No.:</b> 2019-001	<b>CFDA Number(s):</b> 93.788
<b>Federal Program Name and Granting Agency:</b> Opioid STR, Department of Health and Human Services		<b>Pass-Through Agency Name:</b> Washington State Health Care Authority	
<b>Finding Caption:</b> <p>The County did not have adequate internal controls to ensure compliance with federal requirements for subrecipient monitoring and suspension and debarment.</p>			
<b>Background:</b> <u>Subrecipient Monitoring</u> <p>The County did not have internal controls in place to ensure it followed the requirements to subaward federal funds. Specifically, the County did not perform risk assessments, did not have documentation of monitoring for program compliance and did not review the subrecipients' audits.</p>			
<b>Status of Corrective Action: (check one)</b> <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div><input checked="" type="checkbox"/> Fully Corrected</div> <div><input type="checkbox"/> Partially Corrected</div> <div><input type="checkbox"/> Not Corrected</div> <div><input type="checkbox"/> Finding is considered no longer valid</div> </div>			
<b>Corrective Action Taken:</b> <p><i>The County has hired for the position of Grants Administrator in 2022 and the employee has undergone extensive training. Beginning with the grants funded in 2022, he is reviewing for compliance. Although there are minimal funds passed to subrecipients, these have been monitored closely for compliance throughout 2022.</i></p>			

## 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*

### **Jefferson County January 1, 2021 through December 31, 2021**

Board of Commissioners  
Jefferson County  
Port Townsend, 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 Jefferson 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 February 28, 2023.

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. However, 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 a significant deficiency.

## **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, reading "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

February 28, 2023

## 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

#### Jefferson County January 1, 2021 through December 31, 2021

Board of Commissioners  
Jefferson County  
Port Townsend, Washington

### REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

#### Opinion on Each Major Federal Program

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

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.

### 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

February 28, 2023

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### **Jefferson County January 1, 2021 through December 31, 2021**

Board of Commissioners  
Jefferson County  
Port Townsend, Washington

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

### **Unmodified and Adverse Opinions**

We have audited the financial statements of Jefferson County, as of and for the year ended December 31, 2021, and the related notes to the financial statements, as listed in the financial section of our report.

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

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash and investments of Jefferson 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 Jefferson 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 accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Schedule of Liabilities is also presented for purposes of additional analysis, as required by the prescribed BARS manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and

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

## **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2023 on our consideration of the County's internal control over financial reporting and on the tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

Pat McCarthy, State Auditor

Olympia, WA

February 28, 2023

## **FINANCIAL SECTION**

### **Jefferson 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 the Financial Statements – 2021

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

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

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

		<b>Total for All Funds (Memo Only)</b>	<b>001 GENERAL FUND</b>	<b>103 COVID 19 CARES ACT GRANT</b>	<b>104 HAVA 3 GRANT</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	32,235,428	8,507,152	18,476	119,042
388 / 588	Net Adjustments	66,061	19,906	-	-
<b>Revenues</b>					
310	Taxes	25,208,855	15,637,403	-	-
320	Licenses and Permits	1,371,151	34,906	-	-
330	Intergovernmental Revenues	15,919,715	4,340,275	-	-
340	Charges for Goods and Services	14,748,319	1,535,466	-	-
350	Fines and Penalties	437,418	436,728	-	-
360	Miscellaneous Revenues	2,150,705	1,094,682	6	122
Total Revenues:		59,836,163	23,079,460	6	122
<b>Expenditures</b>					
510	General Government	16,764,220	12,149,141	18,480	15,815
520	Public Safety	8,992,121	8,974,305	-	-
530	Utilities	4,440,358	18,409	-	-
540	Transportation	9,105,559	-	-	-
550	Natural/Economic Environment	4,813,589	168,780	-	-
560	Social Services	6,496,323	86,167	-	-
570	Culture and Recreation	1,184,742	873,573	-	-
Total Expenditures:		51,796,912	22,270,375	18,480	15,815
Excess (Deficiency) Revenues over Expenditures:		8,039,251	809,085	(18,474)	(15,693)
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	3,907,566	299,817	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	963,454	91,566	-	-
Total Other Increases in Fund Resources:		4,871,020	391,383	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	2,610,940	10,678	-	-
591-593, 599	Debt Service	775,232	-	-	-
597	Transfers-Out	3,895,307	2,121,423	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	927,160	105,061	-	-
Total Other Decreases in Fund Resources:		8,208,639	2,237,162	-	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>4,701,632</b>	<b>(1,036,694)</b>	<b>(18,474)</b>	<b>(15,693)</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	9,377,306	159,202	2	103,349
50841	Committed	1,108,244	82,717	-	-
50851	Assigned	19,564,021	294,990	-	-
50891	Unassigned	6,953,455	6,953,455	-	-
<b>Total Ending Cash and Investments</b>		<b>37,003,026</b>	<b>7,490,364</b>	<b>2</b>	<b>103,349</b>

The accompanying notes are an integral part of this statement.



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

		<b>105 AUDITOR'S O&amp;M</b>	<b>106 COURTHOUSE FACILITATOR</b>	<b>107 BOATING SAFETY PROGRAM</b>	<b>108 COOPERATIVE EXTENSION</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	33,070	9,108	62,694	111,126
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	74,911	-	33,454	107,627
340	Charges for Goods and Services	75,601	3,820	-	11,495
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	36	-	-	316
Total Revenues:		150,548	3,820	33,454	119,438
<b>Expenditures</b>					
510	General Government	72,456	5,639	-	-
520	Public Safety	-	-	9,902	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	92,455
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	244,836
Total Expenditures:		72,456	5,639	9,902	337,291
Excess (Deficiency) Revenues over Expenditures:		78,092	(1,819)	23,552	(217,853)
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	15,000	253,783
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	15,000	253,783
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	-	-	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>78,092</b>	<b>(1,819)</b>	<b>38,552</b>	<b>35,930</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	111,162	7,289	-	-
50841	Committed	-	-	-	-
50851	Assigned	-	-	101,246	147,056
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>111,162</b>	<b>7,289</b>	<b>101,246</b>	<b>147,056</b>

The accompanying notes are an integral part of this statement.

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

		<b>109 NOXIOUS WEED</b>	<b>119 JEFFCOM BOND INDEBTEDNES</b>	<b>120 CRIME VICTIMS SERVICES</b>	<b>123 GRANTS MANAGEMENT</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	119,043	29,450	200,652	(17,672)
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	276,600	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	80,385	3,380,490
340	Charges for Goods and Services	39,000	-	23,041	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	158,306	-	-	-
Total Revenues:		197,306	276,600	103,426	3,380,490
<b>Expenditures</b>					
510	General Government	-	-	93,791	1,656,652
520	Public Safety	-	-	-	3,920
530	Utilities	-	-	-	13,921
540	Transportation	-	-	-	47,193
550	Natural/Economic Environment	165,635	-	-	293,525
560	Social Services	-	-	-	64,770
570	Culture and Recreation	-	-	-	6,412
Total Expenditures:		165,635	-	93,791	2,086,393
Excess (Deficiency) Revenues over Expenditures:		31,671	276,600	9,635	1,294,097
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	9,000	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		9,000	-	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	-	6,685
591-593, 599	Debt Service	-	279,628	-	-
597	Transfers-Out	21,596	-	-	30,000
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		21,596	279,628	-	36,685
<b>Increase (Decrease) in Cash and Investments:</b>		<b>19,075</b>	<b>(3,028)</b>	<b>9,635</b>	<b>1,257,412</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	1,205,083
50841	Committed	-	26,422	-	-
50851	Assigned	138,118	-	210,288	34,657
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>138,118</b>	<b>26,422</b>	<b>210,288</b>	<b>1,239,740</b>

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

		<b>125 HOTEL/MOTEL</b>	<b>127 PUBLIC HEALTH</b>	<b>128 WATER QUALITY</b>	<b>130 MENTAL HEALTH</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	633,877	1,431,769	438,784	65,461
388 / 588	Net Adjustments	22,867	-	-	-
<b>Revenues</b>					
310	Taxes	779,201	49,864	-	49,864
320	Licenses and Permits	-	409,278	-	-
330	Intergovernmental Revenues	-	2,679,659	978,676	86
340	Charges for Goods and Services	-	1,565,520	36,771	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	670	6,797	443,070	4
Total Revenues:		779,871	4,711,118	1,458,517	49,954
<b>Expenditures</b>					
510	General Government	20	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	561,868	-	1,156,794	-
560	Social Services	-	4,997,347	-	33,629
570	Culture and Recreation	-	-	-	-
Total Expenditures:		561,888	4,997,347	1,156,794	33,629
Excess (Deficiency) Revenues over Expenditures:		217,983	(286,229)	301,723	16,325
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	907,702	17,215	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	122	-	122
Total Other Increases in Fund Resources:		-	907,824	17,215	122
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	30,011	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	46,873	-	-	25,000
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		46,873	30,011	-	25,000
<b>Increase (Decrease) in Cash and Investments:</b>		<b>171,110</b>	<b>591,584</b>	<b>318,938</b>	<b>(8,553)</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	827,854	28,548	-	-
50841	Committed	-	-	-	-
50851	Assigned	-	1,994,805	757,722	56,907
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>827,854</b>	<b>2,023,353</b>	<b>757,722</b>	<b>56,907</b>

The accompanying notes are an integral part of this statement.

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

		131 CHEMICAL DEPENDENCY	134 JC INMATE COMMISSARY	135 JEFFERSON CO DRUG FUND	140 LAW LIBRARY
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	541,236	97,478	37,150	4,251
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	711,230	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	13,628	-	8,021
350	Fines and Penalties	-	-	690	-
360	Miscellaneous Revenues	-	102	24	-
Total Revenues:		711,230	13,730	714	8,021
<b>Expenditures</b>					
510	General Government	-	3	1	-
520	Public Safety	-	3,994	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	538,014	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		538,014	3,997	1	-
Excess (Deficiency) Revenues over Expenditures:		173,216	9,733	713	8,021
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	4,827
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	4,827
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	-	12,436
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	79,428	-	16,789	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		79,428	-	16,789	12,436
<b>Increase (Decrease) in Cash and Investments:</b>		<b>93,788</b>	<b>9,733</b>	<b>(16,076)</b>	<b>412</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	4,662
50841	Committed	-	-	-	-
50851	Assigned	635,019	107,211	21,073	-
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>635,019</b>	<b>107,211</b>	<b>21,073</b>	<b>4,662</b>

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

		<b>141 TRIAL COURT IMPROVEMENT</b>	<b>143 COMMUNITY DEVELOPMENT</b>	<b>148 AFFORDABLE HOUSING</b>	<b>149 HOMELESS HOUSING</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	24,985	303,843	226,276	377,426
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	519,964	-
320	Licenses and Permits	-	698,408	-	-
330	Intergovernmental Revenues	28,316	65,391	-	93,940
340	Charges for Goods and Services	-	602,745	65,290	414,422
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	-	241	319
Total Revenues:		28,316	1,366,544	585,495	508,681
<b>Expenditures</b>					
510	General Government	8,240	-	7	8
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	1,811,599	113,193	-
560	Social Services	-	-	150,000	584,426
570	Culture and Recreation	-	-	-	-
Total Expenditures:		8,240	1,811,599	263,200	584,434
Excess (Deficiency) Revenues over Expenditures:		20,076	(445,055)	322,295	(75,753)
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	852,698	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	852,698	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	9,000	-	27,500	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	10,032	-	-
Total Other Decreases in Fund Resources:		9,000	10,032	27,500	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>11,076</b>	<b>397,611</b>	<b>294,795</b>	<b>(75,753)</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	36,059	-	521,073	301,676
50841	Committed	-	-	-	-
50851	Assigned	-	701,454	-	-
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>36,059</b>	<b>701,454</b>	<b>521,073</b>	<b>301,676</b>

The accompanying notes are an integral part of this statement.

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

		150 TREASURER'S O&M	151 TREASURER'S REET	155 VETERANS RELIEF FUND	175 PARKS IMPROVEMENT
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	50,287	31,014	104,190	101,283
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	50,489	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	12,124	87	26,490
340	Charges for Goods and Services	60,573	6,025	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	44	-	1,575	82,700
Total Revenues:		60,617	18,149	52,151	109,190
<b>Expenditures</b>					
510	General Government	50,028	4,000	4	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	41,970	-
570	Culture and Recreation	-	-	-	59,921
Total Expenditures:		50,028	4,000	41,974	59,921
Excess (Deficiency) Revenues over Expenditures:		10,589	14,149	10,177	49,269
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	18,400	69,500
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	123	-
Total Other Increases in Fund Resources:		-	-	18,523	69,500
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	-	88,818
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	10,000	-	15,000
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	25
Total Other Decreases in Fund Resources:		-	10,000	-	103,843
<b>Increase (Decrease) in Cash and Investments:</b>		<b>10,589</b>	<b>4,149</b>	<b>28,700</b>	<b>14,926</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	35,163	132,890	-
50841	Committed	-	-	-	-
50851	Assigned	60,874	-	-	116,209
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>60,874</b>	<b>35,163</b>	<b>132,890</b>	<b>116,209</b>

The accompanying notes are an integral part of this statement.

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

		<b>180 COUNTY ROADS</b>	<b>202 RID BONDS</b>	<b>204 DEBT SERVICE</b>	<b>301 CONSTRUCTIO N &amp;</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	4,528,549	4,654	1,748	672,549
388 / 588	Net Adjustments	508	-	-	502
<b>Revenues</b>					
310	Taxes	4,185,643	-	-	-
320	Licenses and Permits	220,808	-	-	7,751
330	Intergovernmental Revenues	3,011,916	-	-	273,476
340	Charges for Goods and Services	58,390	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	819	4	4	8,000
Total Revenues:		7,477,576	4	4	289,227
<b>Expenditures</b>					
510	General Government	26,469	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	6,802,798	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		6,829,267	-	-	-
Excess (Deficiency) Revenues over Expenditures:		648,309	4	4	289,227
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	200,010	-	-	427,500
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	31,233	-	696,920	-
Total Other Increases in Fund Resources:		231,243	-	696,920	427,500
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	738,553	-	-	284,962
591-593, 599	Debt Service	13,000	-	-	-
597	Transfers-Out	4,500	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	36,024	-	696,920	27,500
Total Other Decreases in Fund Resources:		792,077	-	696,920	312,462
<b>Increase (Decrease) in Cash and Investments:</b>		<b>87,475</b>	<b>4</b>	<b>4</b>	<b>404,265</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	250,568	-	-	-
50841	Committed	-	-	-	-
50851	Assigned	4,365,964	4,659	1,749	1,077,316
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>4,616,532</b>	<b>4,659</b>	<b>1,749</b>	<b>1,077,316</b>

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

		<b>302 CAPITAL IMPROVEMENT</b>	<b>304 HJC JUMP PLAYGROUND</b>	<b>306 PUBLIC INFRASTRUCTURE</b>	<b>308 CONSERVATION FUTURES</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	3,093,031	-	1,168,296	517,663
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	2,039,036	-	645,887	263,674
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	457
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	13,014	318,327	976	629
Total Revenues:		2,052,050	318,327	646,863	264,760
<b>Expenditures</b>					
510	General Government	-	-	28	19
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	449,740	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	449,768	19
Excess (Deficiency) Revenues over Expenditures:		2,052,050	318,327	197,095	264,741
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	68,700	-	-	645
Total Other Increases in Fund Resources:		68,700	-	-	645
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	41,551	-	100,861
591-593, 599	Debt Service	253,991	-	-	-
597	Transfers-Out	1,040,977	-	240,000	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		1,294,968	41,551	240,000	100,861
<b>Increase (Decrease) in Cash and Investments:</b>		<b>825,782</b>	<b>276,776</b>	<b>(42,905)</b>	<b>164,525</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	3,918,813	276,776	1,125,390	-
50841	Committed	-	-	-	682,188
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>3,918,813</b>	<b>276,776</b>	<b>1,125,390</b>	<b>682,188</b>

The accompanying notes are an integral part of this statement.



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

		<b>401 SOLID WASTE</b>	<b>405 TRI-AREA SEWER</b>	<b>501 EQUIPMENT RENTAL</b>	<b>502 RISK MANAGEMENT RESERVE</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	2,891,826	508,338	2,226,229	222,311
388 / 588	Net Adjustments	-	-	943	-
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	69,790	662,165	-	-
340	Charges for Goods and Services	4,045,321	-	3,126,133	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	3,310	390	1,200	176
Total Revenues:		4,118,421	662,555	3,127,333	176
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	3,553,668	854,360	-	-
540	Transportation	-	-	2,255,568	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		3,553,668	854,360	2,255,568	-
Excess (Deficiency) Revenues over Expenditures:		564,753	(191,805)	871,765	176
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	15,399	510,000	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	70,783	-	4,740	-
Total Other Increases in Fund Resources:		86,182	510,000	4,740	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	77,496	-	576,572	-
591-593, 599	Debt Service	-	228,613	-	-
597	Transfers-Out	35,377	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	51,598	-	-	-
Total Other Decreases in Fund Resources:		164,471	228,613	576,572	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>486,464</b>	<b>89,582</b>	<b>299,933</b>	<b>176</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	61,747	270,000	-	-
50841	Committed	-	316,917	-	-
50851	Assigned	3,316,543	11,003	2,527,105	222,489
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>3,378,290</b>	<b>597,920</b>	<b>2,527,105</b>	<b>222,489</b>

The accompanying notes are an integral part of this statement.

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

		<b>505 EMPLOYEE BENEFIT RESERVE</b>	<b>506 INFORMATION SERVICES</b>	<b>507 FACILITIES</b>
<b>Beginning Cash and Investments</b>				
308	Beginning Cash and Investments	910,652	1,310,556	517,575
388 / 588	Net Adjustments	-	20,678	657
<b>Revenues</b>				
310	Taxes	-	-	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	-	-	-
340	Charges for Goods and Services	263,486	1,673,120	1,120,451
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	2,597	89	12,156
Total Revenues:		266,083	1,673,209	1,132,607
<b>Expenditures</b>				
510	General Government	64,076	1,473,222	1,126,121
520	Public Safety	-	-	-
530	Utilities	-	-	-
540	Transportation	-	-	-
550	Natural/Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
Total Expenditures:		64,076	1,473,222	1,126,121
Excess (Deficiency) Revenues over Expenditures:		202,007	199,987	6,486
<b>Other Increases in Fund Resources</b>				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	5,238	301,477	-
385	Special or Extraordinary Items	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	(1,500)
Total Other Increases in Fund Resources:		5,238	301,477	(1,500)
<b>Other Decreases in Fund Resources</b>				
594-595	Capital Expenditures	-	642,317	-
591-593, 599	Debt Service	-	-	-
597	Transfers-Out	171,844	-	-
585	Special or Extraordinary Items	-	-	-
581, 582, 589	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		171,844	642,317	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>35,401</b>	<b>(140,853)</b>	<b>4,986</b>
<b>Ending Cash and Investments</b>				
50821	Nonspendable	-	-	-
50831	Restricted	-	-	-
50841	Committed	-	-	-
50851	Assigned	946,054	1,190,292	523,218
50891	Unassigned	-	-	-
<b>Total Ending Cash and Investments</b>		<b>946,054</b>	<b>1,190,292</b>	<b>523,218</b>

The accompanying notes are an integral part of this statement.

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

		<b>Total for All Funds (Memo Only)</b>	<b>Investment Trust</b>	<b>Private-Purpose Trust</b>	<b>Custodial</b>
308	Beginning Cash and Investments	112,898,471	111,932,559	489,424	476,488
388 & 588	Net Adjustments	-	-	-	-
310-390	Additions	233,102,035	196,672,188	4,379,951	32,049,896
510-590	Deductions	226,213,033	189,796,119	4,427,186	31,989,728
	Net Increase (Decrease) in Cash and Investments:	6,889,002	6,876,069	(47,235)	60,168
508	Ending Cash and Investments	119,787,473	118,808,628	442,189	536,656

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

**Jefferson County**  
**Notes to the Financial Statements**  
**For the year ended 12/31/2021**

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

Jefferson County was incorporated on December 22, 1852, and operates under the laws of the state of Washington applicable to a County with a Commissioner form of government. The County is a general purpose local government and provides public safety, planning and zoning, road improvement, parks and recreation, judicial administration, health and social services and general administrative services.

The County reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from Generally Accepted Accounting Principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements (see Note 3 – Component Unit(s), 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 for proprietary and fiduciary funds are presented using classifications that are different from the ending net position classifications in GAAP.

**A. Fund Accounting**

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

**GOVERNMENTAL FUND TYPES:**

**General Fund**

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

**Special Revenue Funds**

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

#### Debt Service Funds

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

#### Capital Projects Funds

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

#### PROPRIETARY FUND TYPES:

##### Enterprise Funds

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

##### Internal Service Funds

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

#### FIDUCIARY FUND TYPES:

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

##### Investment Trust Funds

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

##### Private-Purpose Trust Funds

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

##### Custodial Funds

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

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

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

In accordance with state law, Jefferson 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 5 - *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 four years. Capital assets and inventory are recorded as capital expenditures when purchased.

#### E. Compensated Absences

Non-exempt, represented employees may accumulate vacation up to 10 days and is payable upon separation or retirement. The employee may carry over five additional days with department head approval and another additional five days with County Administrator approval. In addition, sick leave may be accumulated up to 1,920 hours. Upon retirement employees receive payment for 25% of the value of unused sick leave and are recognized as expenditures when paid.

Exempt, non-represented employees accumulate Personal Time Off (PTO) depending on the length of employment. The maximum to accumulate is 480 hours plus the PTO yearly accrual. Upon separation or retirement, employees receive the full amount of PTO accrued.

#### F. Long-Term Debt

See Note 9 – *Long-term Debt*.

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

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

FUND	NAME	Document	Restricted	Committed
<b>General Fund</b>				
	Federal Forest Title 3	USDA Forest Service	159,202	
	Water Pollution Control	Res 31-01		82,717
<b>Special Revenue Funds</b>				
103	Election Cares	Grant Award EAC1651DB2020XX-2020...EAC1907	2	
104	HAVA 3 Grant	Grant Award EAC1651DB2020XX-2020...EAC1908	103,349	
105	Auditor's O&M	RCW 36.22.170	111,162	
106	Courthouse Fac	RCW 26.12.240	7,289	
119	JeffCom	Resolution 04-11		26,422
123	Grant Mgmt	American Rescue Plan Act	1,205,083	
125	Hotel/Motel	RCW 35.101.130	827,854	
127	Public Health	Working Advance Funding by DSHS	28,548	
140	Law Library	RCW 27.24.070	4,662	
141	Trial Court Improvement	RCW 3.58.060	36,059	
148	Affordable Housing	RCW 36.22.178	521,073	
149	Homeless	RCW 36.22.179	301,676	
151	Treasurer Reet	RCW 82.45.180	35,163	
155	Veterans Relief	RCW 73.08	132,890	
180	County Roads	FEMA D16-637 PW160 Small Project	250,568	
302	Capital Improvement	RCWs 82.46.0010, 82.45.180, 82.46.035	3,918,813	
304	HJC Park Jump Playground	Private Contributions balance	276,776	
306	Public Infrastructure	RCW 82.14.370	1,125,390	
308	Conservation Futures	JC Ordinance 3.08		682,188
401	Solid Waste	WAC 173-304-467	61,747	
405	Tri-Area Sewer	REET	270,000	
405	Tri-Area Sewer	JC Ordinance 19-1220-04		316,917

## Note 2 - Budget Compliance

The County adopts biennial appropriated budgets for the general, special revenue, capital projects, and proprietary funds. These budgets are appropriated at the fund level (except the general (current expense) fund, where budget is adopted at the department level). The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

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

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

Fund/Department	Final Appropriated	Actual Expenditures	Variance
<b>General Fund:</b>			
Assessor	985,869	938,988	46,881
Auditor	776,078	723,651	52,427
Elections	400,443	341,057	59,386

<b>Fund/Department</b>	<b>Final Appropriated</b>	<b>Actual Expenditures</b>	<b>Variance</b>
Clerk	665,093	598,252	66,841
County Administrator	680,714	601,718	78,996
Commissioners	646,698	634,801	11,897
Board of Equalization	28,469	26,897	1,572
Civil Service	4,519	3,558	961
Planning Commission	41,335	7,637	33,698
Public Safety	237,096	237,095	1
Community Services	246,618	232,055	14,563
District Court	961,628	879,939	81,689
Juvenile Services	1,272,987	1,069,818	203,169
Prosecutor	1,448,784	1,351,506	97,278
Coroner	44,456	40,147	4,309
Sheriff	7,336,396	7,096,268	240,128
Superior Court	383,690	366,980	16,710
Treasurer	529,692	504,424	25,268
Operating Transfers	2,638,002	2,638,002	0
Non Departmental	6,416,205	6,041,080	375,125
<b>TOTAL GENERAL FUND</b>	<b>25,744,772</b>	<b>24,333,873</b>	<b>1,410,899</b>
<b>Other Funds:</b>			
Elections Cares Act	18,480	18,480	0
Hava 3 Grant	119,058	15,815	103,243
Auditor's O&M	120,576	72,456	48,120
Courthouse Facilitator	5,660	5,640	20
Boating Safety	44,500	9,902	34,598
Cooperative Extension	445,629	337,287	108,342
Noxious Weed Control	202,420	187,231	15,189
Jeff Com Capital	279,629	279,628	1
Crime Victims	154,359	93,791	60,568
Grants Management	3,790,719	2,123,078	1,667,641
Hotel / Motel	695,608	608,761	86,847
H&HS Site Management	3,000	0	3,000
Public Health	5,520,382	5,306,027	214,355
Water Quality *	1,650,786	1,156,793	493,993
Mental Health	69,250	58,629	10,621
Chemical Depend/Mental	771,494	617,442	154,052
JC Inmate Commissary	41,500	3,997	37,503
JC Drug	16,789	16,789	0
Law Library	16,418	12,436	3,982



<b>Fund/Department</b>	<b>Final Appropriated</b>	<b>Actual Expenditures</b>	<b>Variance</b>
Trial Court Improvement	17,240	17,240	0
Community Development	1,960,093	1,821,626	138,467
Forest Title 3	0	5	-5
JC Affordable Housing	737,500	290,700	446,800
Homeless Housing Fund	673,900	584,433	89,467
Treasurer's O&M	59,245	50,029	9,216
REET Technology	14,000	14,000	0
Veteran's Relief	76,916	41,973	34,943
Water Pollution Control	7,000	243	6,757
Parks & Recreation	697,679	657,506	40,173
Parks Improvement	200,073	163,766	36,307
Post Harvest Timber	1,500	0	1,500
County Roads*	9,662,634	7,621,339	2,041,295
Facilities	1,254,742	1,126,122	128,620
Flood/Storm Water	2,624	0	2,624
Brinnon Flood Control	2,500	0	2,500
Quilcene Flood Control	21,500	10,678	10,822
Construction & Renovation	637,457	312,461	324,996
Co Capital Improvement	1,309,973	1,294,968	15,005
Public Infrastructure	901,262	689,768	211,494
HJC Park Jump Playground	87,630	41,551	46,079
Conservation Futures	479,462	100,880	378,582
Solid Waste *	4,174,061	3,718,137	455,924
Tri Area Sewer	1,359,449	1,082,974	276,475
ER&R	3,221,740	2,832,140	389,600
Risk Management Reserve	150,000	0	150,000
Employee Benefit Reserve	288,200	235,919	52,281
Information Services	2,465,345	2,115,542	349,803
<b>Total Other Funds</b>	<b>44,429,982</b>	<b>35,748,182</b>	<b>8,681,800</b>

\* Management Funds – these funds manage other funds that are maintained separately for accounting purposes and then rolled into one fund for reporting.

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

### **Note 3 – Joint Ventures, Component Unit(s), and Related Parties**

Component Unit(s) – None

#### Joint Ventures

JeffCom was formed as a separate entity effective October 1, 2012 by Interlocal Agreement (AFN 568350) with Jefferson County, City of Port Townsend, Fire Districts 1 through 5. JeffCom is an independent agency that is governed by an Administrative Board, representing user agencies by the Interlocal Agreement. It was formed to ensure the interests of all parties participate in the management of JeffCom since user agencies pay for the service that is provided by JeffCom.

The County has the financial obligation as entered into prior to the Interlocal Agreement referenced above for two JeffCom bonds as identified on Schedule 9: 1) LTGO Rfg 2016A- JeffCom, 2) LTGO Refg 2016B – E911. The outstanding debt is \$1,672,495. Sales Tax collected for emergency communications pays the debt per an Interlocal Agreement Regarding Revenue to Service Bonded Indebtedness for JeffCom, recorded AFN 568349.

Related Parties - None

### **Note 4 – 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.

In the months following the declaration, exceptional efforts were made to slow the spread of the virus. These measures included closing schools, colleges and universities, cancelling public events, prohibiting public and private gatherings, requiring people to stay home unless they are leaving for an essential function and mandating the wearing of masks. These measures took a heavy toll on governments at all levels, non-profits and the local business community.

We entered the pandemic with a belief that our revenues would be substantially reduced and that our costs would skyrocket, possibly creating fund balance concerns. We established expenditure budget reduction targets for all general fund departments totaling \$150,000 in 2020 and tentatively \$100,000 in 2022. These reductions needed to be reductions to departmental base budgets.

As the pandemic continued throughout 2020 and into 2021 it became evident that our general fund revenues would not be reduced as we had predicted. We didn't need to reduce the 2021 general fund budget as we had planned. We actually saw impressive increases in sales tax revenue, likely from increased online sales. Recording fee and REET revenues surged from refinanced mortgages and the turnover of high value homes in the real estate market. In addition to solid revenues, the county received approximately \$3.0 million in CARES Act funding which offset the county's pandemic related cost increases.

Some county revenues were reduced by the pandemic. Motor Vehicle Fuel Tax revenue was substantially reduced because of pandemic related travel restrictions. Parks revenue was also reduced. We used some CARES Act funding to reimburse the Roads and Parks Funds for these lost revenues.

The county's financial position currently is robust. There are concerns about the future with inflation surging, severe supply chain problems and the war in Ukraine all placing our financial future at some considerable risk.

## Note 5 – Deposits and Investments

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

Type of deposit or Investment	Jefferson County's Own Deposits and Investments	Deposits and Investments Held by Jefferson County as custodian for other local governments, individuals or private organizations	Total
Bank deposits	1,102,608	136,679	1,239,287
Certificates of deposit	6,500,000	685,936	7,185,936
Local Government Investment Pool	14,848,413	118,670,165	133,518,578
U.S. Government securities	3,992,519	294,693	4,287,212
Public Interest Checking	10,559,486	-	10,559,486
<b>Total</b>	<b>37,003,026</b>	<b>119,787,473</b>	<b>156,790,499</b>

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

### Investments in the State Local Government Investment Pool (LGIP)

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

The Office of the State Treasurer prepares a stand-alone financial report for the pool. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at [www.tre.wa.gov](http://www.tre.wa.gov).

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

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

#### Other Disclosures

Special district funds invested by Jefferson County Treasurer including those invested in the State Treasurer LGIP, are legally protected from creditors. As such, said funds are reported as Investment Trust.

#### Compensating Balances

Jefferson County has a compensating balance agreement with 1st Security Bank of Washington. The average compensating balance maintained during the year was \$5,935,635.

#### **Note 6 – Environmental and Certain Asset Retirement Liabilities**

Jefferson County has two tanks located at the Port Hadlock Shop, 371 Chimacum Rd, Port Hadlock, WA. The current life of these tanks are 28 years with a life expectancy of 40 years. They are scheduled to be replace in 2033. No liability is estimated at this time.

Jefferson County may have ground contaminated with fuel from fuel storage tanks located at the abandoned Quilcene Shop at 101 Rodgers Street in Quilcene, WA. Under the State Model Toxics Control Act (Chapter 70.1 05D RCW), the WA State Department of Ecology named Jefferson County as potentially responsible for remediation. At this time, Jefferson County doesn't have sufficient information to reasonably estimate the liability related to potential cleanup of the site. The underground storage tanks were removed in 1993 and the site was partially to nearly fully remediated; however, due to access constraints under existing buildings and roadways, it was not possible to completely remediate all areas. The site has been assigned a hazard ranking of 3 on a relative risk scale of 1 to 5. The site is on Ecology's Hazardous Sites List. Discussions with Ecology indicated that the site is not considered a high priority for remediation on this list.

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

The External Investment Pool sponsored by the County was established in 2014. Revised Code of Washington (RCW) 36.29.022, 36.29.010, 36.29.020, authorize the County Treasurer to invest its surplus cash and any funds of municipal corporations which are not required for immediate expenditure and are in the custody or control of the County Treasurer. The External Investment Pool's investments are invested pursuant to the Revised Code of Washington. Any credits or payments to pool participants are calculated and made in a manner as required by RCW 36.29.024.

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

The External Investment Pool is not registered with the SEC and is not subject to any formal oversight other than that provided by the County Finance Committee. The Committee is responsible for adopting

investment objectives and policies, for hiring investment advisors, and for monitoring policy implementation and investment performance. The Committee's primary role is to oversee the allocation of the Pool's portfolio among the asset classes, investment vehicles, and investment managers.

The interest or other earnings of income from the funds of any municipal corporation of which the governing body has not taken any action pertaining to the investment of funds and that have been invested in accordance with state statutes, shall be deposited in the current expense fund of the county and may be used for general county purposes. The total amount of income from the External Investment Pool assigned to the County's general fund for the year was \$483,972. These investments made by the County Treasurer on behalf of the participants is involuntary participation in the County Treasurer's Investment Pool as they are required to be invested by statute.

100% of the County Treasurer's Pool consists of these involuntary participants. The deposits held for involuntary entities are included in the Pooled Investment Trust Fund.

The Treasurer also maintains Individual Investment Accounts, as directed by external depositors, which are invested pursuant to the Revised Code of Washington. This investment activity occurs separately from the County's Pool and is reported in the Investment Trust Fund in the amount of \$980,629. Income from the specific investments acquired for the individual municipalities, and changes in the value of those investments, affect only the municipality for which they are acquired, and are aggregated in the Individual Investment Fund.

## Note 8 - Interfund Loans

The following table displays interfund loan activity during 2021:

Borrowing Fund	Lending Fund	Balance 1/1/2021	New Loans	Repayments	Balance 12/31/2021
County Roads	Capital Improvement	\$520,000	\$0	\$32,500	\$487,500
<b>Totals</b>		<b>\$520,000</b>	<b>\$0</b>	<b>\$32,500</b>	<b>\$487,500</b>

## Note 9 – Long-Term Debt

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

The debt service requirements for general obligation bonds, revenue bonds and other debt including both principal and interest are as follows:

Year	Principal	Interest	Total
2022	\$ 430,785	\$ 69,037	\$ 499,822
2023	\$ 442,332	\$ 62,498	\$ 504,830

2024	\$ 449,776	\$ 55,325	\$ 505,101
2025	\$ 457,271	\$ 47,471	\$ 504,742
2026	\$ 468,804	\$ 38,955	\$ 507,759
2027 – 2031	\$1,303,992	\$ 87,827	\$1,391,819
2032 – 2036	\$ 866,977	\$ 8,381	\$ 875,358
<b>Total</b>	<b>\$4,419,937</b>	<b>\$369,494</b>	<b>\$4,789,431</b>

#### Debt Refunding

The County did not issue refunding bonds in 2021. The Public Works Trust Fund Loan was renegotiated in 2018 and changed maturity from 6/1/2046 to 6/1/2033.

#### Debt Guarantees

The County did not issue any Debt Guarantees.

#### Unused Lines of Credit

At fiscal year end, the County had one unused line of credit. It is a Public Works Board Construction Loan Contract in the amount of \$500,000 to fund a project of local government for the planning, acquisition, construction, repair, reconstruction, replacement, rehabilitation, or improvement of streets, roads, bridges, drinking water systems, stormwater systems, sanitary sewage systems, or solid waste facilities, including recycling facilities.

#### Assets Pledged as Collateral for Debt

No debt is secured by assets that are pledged as collateral.

#### Significant Debt Agreement Terms

The county has no significant debt agreements with finance related consequences.

### **Note 10 – OPEB Plans**

The County has a commitment to pay for post-employment benefits, a defined benefit plan, for employees that belong to LEOFF I Retiree Medical Plan. Agencies that are served by the plan administrators, Jefferson County and City of Port Townsend Disability Board, are the Jefferson County Sheriff's Office, Port Townsend Police Department and the Port Townsend Fire Department.

The LEOFF I Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by the 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 plan had six members, all retirees. As of December 31, 2021, the County's total OPEB liability was \$2,774,233, as calculated using the alternative measurement method. For the year ended December 31, 2021, the County paid \$33,224.71 in approved benefits.

During the year ended 2021, the county adopted guidance for the presentation and disclosure of postemployment benefits other than pensions, as required by the BARS manual. This requirement resulted in the addition of a postemployment benefit liability reported on the Schedule of Liabilities.

## **Note 11 – Pension Plans**

### **A. State Sponsored Pension Plans**

Substantially all County full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans as follows: PERS 1, PERS 1 UAAL (incl. with PERS 1 below), PERS 2/3, LEOFF 1, LEOFF 2, PSERS 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

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

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

Plan	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$ 703,039	0.094382%	\$1,152,625
PERS 2/3	\$1,043,522	0.110161%	\$ (10,973,808)
PSERS 2	\$ 96,570	0.197860%	\$(454,562)
LEOFF 1		0.013501%	\$(462,485)
LEOFF 2	\$ 110,772	0.055568%	\$(3,227,619)

#### **LEOFF Plan 1**

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

### LEOFF Plan 2

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

### **B. Defined Contribution Pension Plans**

The County has three defined contribution plans. The total 2021 contributions were \$18,594.88 as shown:

- DRS Deferred Compensation Plan- \$11,933.00
- Nationwide Retirement Solutions- \$ 893.00
- Mission Square Investments- \$ 5,768.88

Each of the defined contribution pension plans are self-administrated as follows:

- Per the JCSO Commissioned Deputies Teamsters' contract and the JCSO Commissioned Command Staff Teamsters contract, the County matches up to \$58.00 per month, per member.
- Per the JCSO Uniformed Support Services JCSOUSS contract, the county matches up to \$47.00 per month, per member.
- Per the County Administrator contract, the county matches up to 5% of County Administrator's salary per month.

### **Note 12 - Property Tax**

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

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

The County's regular levy for the year 2021 was \$1.3120408426 per \$1,000 on an assessed valuation of \$6,445,175,673 for a total regular levy of \$8,456,334.

The County is also authorized to levy \$2.25 per \$1,000 of assessed valuation in unincorporated areas for road construction and maintenance. This levy is subject to the same limitations as the levy for general government services. The county's road levy for 2021 was \$1.0634226557 per \$1,000 on an assessed valuation of \$4,433,507,632 for a total road levy of \$4,714,692.

Of the \$4,714,692 road levy, the County diverted \$720,000 to General Fund per RCW 84.52.043 (1) (d).

### **Note 13 – Risk Management**

Jefferson County is a participating member of the Washington Counties Risk Pool (WCRP). Chapter 48.62 RCW authorizes the governing body of one or more governmental entities to join together for the joint



purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The Pool was formed in August of 1988 when 15 counties in the state of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 31, 2021, 24 counties participate in the WCRP. The Pool allows members to jointly establish a plan of self-insurance, and provides related services, such as risk management, education, and claims administration. The Pool's liability program provides coverage for general liability, public officials liability, police professional liability, employment practices liability, and automobile liability. WCRP provides liability limits of \$20,000,000 and currently retains \$2,000,000 million per occurrence. County deductibles range from \$10,000 to \$500,000. Reinsurance is purchased in several layers up to the policy limits of \$10,000,000. Members may purchase an optional \$5,000,000 excess of \$20,000,000 layer of coverage. Allocated Loss Adjustment Expense (ALAE) is combined with losses for purposes of the Pool retention, excess insurance, and deductibles. For losses occurring in 2021, Jefferson County selected a per-occurrence deductible of \$25,000. Members make an annual contribution to fund the Pool. The Pool acquires excess and reinsurance for further protection from larger losses. For the first \$10,000,000 of coverage, the Pool acquires reinsurance. The reinsurance agreements are written with Self-Insured Retentions ("SIRs") equal to the amount of the layer of coverage below. For 2020-21, the Pool's SIR was \$2,000,000. For certain years prior to 2019, reinsurance programs have included "corridor deductibles" with aggregated stop losses which have the effect of increasing the Pool's SIR. For 2018-19, the "corridor" increased the SIR to \$2,000,000, with losses between \$1,000,000 and \$2,000,000 having an annual aggregated stop loss of \$2,500,000. The other reinsurance agreements respond up to the applicable policy limits and the agreements contain aggregate limits for the maximum annual reimbursements to the Pool of \$30,000,000 (lowest reinsured layer), \$50 million, (second layer). The Pool purchases excess coverage for the additional \$10,000,000 with an aggregate limit of \$100,000,000. Since the Pool is a cooperative program, there is a joint liability among the participating members. Sixteen of the Pool's 24-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 2020-21, Jefferson County was also one of twenty-six (26) counties which participated in the Washington Counties Property Program (WCPP). Two members withdrew from the WCRP during the 2020-21 Fiscal Year. Property losses are covered under the WCPP to the participating counties' buildings and contents, vehicles, mobile/contractor equipment, EDP and communication equipment, etc. that have been scheduled. The WCPP includes 'All Other Perils ("AOP")' coverage limits of \$500 million per occurrence as well as Flood and Earthquake (catastrophe) coverages with separate occurrence limits, each being \$200 million. There are no AOP annual aggregate limits, but the flood and earthquake coverages include annual aggregate limits of \$200

million each. Each participating county is solely responsible for paying their selected deductible, ranging between \$5,000 and \$50,000. Higher deductibles apply to losses resulting from catastrophe-type losses. Jefferson 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 Jefferson County having no deductible. The Pool is governed by a board of directors which is comprised of one designated representative from each participating member. The Board of Directors generally meets three-times each year with the Annual Meeting of the Pool being held in summer. The Board approves the extent of risk-sharing, approves the Pool's self-insuring coverage documents, approves the selection of reinsurance and excess agreements, and approves the Pool's annual operating budget. An 11-member executive committee is elected by and from the WCRP Board for staggered, 3-year terms. Authority has been delegated to the Committee by the Board of Directors to, a) approve all disbursements and review the Pool's financial health, b) approve case settlements exceeding the applicable member's deductible by at least \$100,000, c). to authorize by two-thirds majority vote commencement of lawsuits in the name of the Pool. During 2020-21, the WCRP's assets decreased to \$53,351,913 while its liabilities also decreased to \$27,509,338. The Pool's net position ended at \$26,624,589. The Pool more than satisfies the State Risk Manager's solvency requirements (WAC 200.100.03001). The Pool is a cooperative program with joint liability amongst its participating members. Deficits of the Pool resulting from any fiscal year are financed by reassessments of the deficient year's membership in proportion with the initially levied and collected deposit assessments. The Pool's reassessments receivable balance as of December 31, 2021 was zero (\$0). As such, there were no known contingent liabilities at that time for disclosure by the member counties.

#### **B. Workers Compensation**

The County pays premiums to the State of Washington Department of Labor and Industries based on hours worked for each employee.

#### **C. Unemployment Compensation**

The County is currently on the Reimbursable basis with the Washington State Employment Security Department. The County paid Employment Security \$20,080 in unemployment charges for 2021. The County also contracts with Braun Consulting to assist with the claims handling, and in 2021, we paid \$30,000 on a \$2,500 per month retainer.

### **Note 14 – Other Disclosures**

#### **A. Construction Commitment**

The County has active construction projects as of December 31, 2021. At year-end the County's commitments with contractors are as follows:

<b>Project</b>	<b>Spent to Date</b>	<b>Remaining Commitment</b>
Cedar Avenue Ped-Bike Project-Interwest Construction, Inc.		\$573,724

Oil City Road – Ruby Creek Washout Repair – Bruch & Bruch Const	\$145,743	\$ 49,032
Culvert Lining Project – Allied Plumbing & Pumps LLC, DBA Allied Trenchless	\$ 4,500	\$ 87,225

Of the committed balance of \$ 709,981, the county will NOT be required to raise future financing.

## **B. Contingencies and Litigations**

This period December 31, 2020 to May 18, 2022 (the Period Covered). JCPAO interprets the “material or significant” threshold for disclosure to be limited to matters involving amounts over \$50,000 individually or in aggregate. This note is consistent with the standards of professional responsibility applicable to attorneys, including the American Bar Association’s Statement of Policy Regarding Lawyers’ Responses to Auditors’ Requests for Information (2003).

Blake Legal Financial Obligation Refunds.

1. In *State v. Blake*, 197 Wn.2d 170, 173 (2021), the Washington Supreme Court invalidated Washington’s simple drug possession statute. The effect of this decision is to render void all such convictions dating back to 1971. Under due process, all penalties, fines and restitution (collectively legal financial obligations or LFOs) ordered in connection with simple possession convictions must be refunded.
2. Shortly after the *Blake* decision, a putative class action was filed by the Civil Survival Project (CSP) against King County, Snohomish County and the State of Washington seeking a refund of LFOs and other unspecified damages. CSP planned to add all remaining counties to the CSP putative class action. However, on September 24, 2021, before any other counties were added, the CSP putative class action lawsuit was dismissed with prejudice. Plaintiffs attempted to appeal directly to the Washington Supreme Court, but that court denied the direct appeal on May 4, 2022. The Washington Supreme Court sent the CSP appeal to the Washington Court of Appeals for decision. The appeal is unlikely to be resolved until sometime 2023.
3. It is undisputed that the LFOs must be refunded. But there is a question of whether refunds are the responsibility of the County or the State. Backed by significant legal authority, the counties assert that repayment of LFOs is exclusively a state liability. The *Blake* decision invalidates at least 54,000 convictions in superior court dating back to 1971 and is estimated to implicate at least \$46.75 million in refunds of LFOs related to criminal convictions for simple drug possession obtained for the State of Washington. The State of Washington has rejected a tender of the CSP putative class action from the counties.
4. On September 14, 2021, Jefferson County, numerous other counties and the Washington Association of Counties filed suit against the State to both enforce the tender of any *Blake*-related suits and to ensure that *Blake*-related liabilities belong to the State, not the counties.
5. The Washington Legislature has provided funding in the amount of \$46.75 million to the counties for repayment of LFOs has provided ample funding thus far for counties refund LFOs on behalf of the state, including proviso language that suggests an ongoing state responsibility. In addition, the Legislature has provided \$45.5 million to counties to process vacations due to *Blake*.

6. Jefferson County does not believe it has exposure for LFO refunds as a result of vacations due to *Blake*. First, Jefferson County expects the Legislature to fulfill its legal obligation to repay vacations due to *Blake*. Second, if the \$46.75 million allocated by the Legislature to refund LFOs as a result of *Blake*, proves insufficient, the Jefferson County Superior Court will continue to enter orders confirming the amount due and ordering repayment be made by the State pursuant to the sundry claims process in RCW 4.92.040.

### C. Other Accounting Disclosures

1. HAVA 3 Election Security Covid Grant, CFDA # 90.404 unexpended expenditures of \$18,479.84 was sent back to Secretary of State included interest through 3/31/21. Additional accrued interest, \$1.99, was remitted to the Secretary of State in 2022.
2. Prior period Adjustments Total 66,061

Fund	Fund Name	Amount	Description
001	GENERAL FUND	7,914	WRCP reimbursing the county for AWC Workers Compensation Retro program success in 2018.
001	GENERAL FUND	557	Revolving account overage deposited to Treasurer 1/19/2021.
001	GENERAL FUND	6,000	Funds returned from City of Port Townsend that they deposited; wrong vendor used.
001	GENERAL FUND	5,435	Reimbursement for Sheriff overtime shifts for Port Townsend Police Dept.
125	HOTEL/MOTEL	22,867	2020 LTAC funds not utilized were returned by recipients.
180	ROADS	508	2020 duplicate payment returned.
301	CONSTRUCTION & RENOVATION	502	Item returned that was purchased for Boiler upgrade project.
501	ER&R	943	Refund for item returned in 2020.
506	INFORMATION SERVICES	778	Unisys provided EOM service in support of GEMS- no need service in Munis
506	INFORMATION SERVICES	11,330	Refund received for incorrect color copy rate on machines in 2020.
506	INFORMATION SERVICES	1,686	Reimbursement for new computer purchased for PW - equipment # 3934
506	INFORMATION SERVICES	1,406	Reimbursement for replacement computer
506	INFORMATION SERVICES	4,332	Reimbursement for new copier purchased for Public Health.
506	INFORMATION SERVICES	1,146	Reimbursement for new computer purchase for ER&R.

507	FACILITIES	657	Refrigerator compressor repair- OlyCAP to pay 2/3 of equipment repair
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3. Beginning in 2019, the County purchased Munis ERP Software and proceeded to implement this software to replace the AS400 (Treasurer) and GEMS (Auditor) financial systems.
  - a. The implementation “go-live” date was June 1, 2021.
  - b. Cash beginning balances for the County funds were imported into Munis, effective 1/01/2021.
  - c. The revenue and expenditure balances for the County funds general ledger accounts were imported into Munis, effective 5/31/2021.
  - d. Cash beginning balances for custodial funds were imported into Munis, effective 6/01/2021.
  - e. Revenue and Expenditures for custodial funds were NOT imported into Munis due to complete reformatting of the chart of accounts.

Based on the above timeline, for the 2021 Annual Report, the County fund balances and fund transactions are being provided by Munis. The custodial funds (C5) cash and investment balances are provided by Munis; transactions for January through May 2021 are provided by GEMS, and June through December are provided by Munis.

Due to the chart of account structure, it was necessary to change the fund numbers for the fiduciary funds reported on the C5. However, funds didn’t change fund types but were maintained in their original fund type, i.e. Private Purpose Funds, Custodial Funds.

4. The following funds have been made inactivate or activated in 2021:
  - Resolution 07-21, inactivated Fund 628 – Section 125 Administration fund.
  - Resolution 22-21, Reactivating Fund 304 – HJC Park Jump Playground; Central Services
  - Resolution 28-21, inactivated Fund 606 – Jefferson County Drainfield Trust and activated Fund 620- Jefferson County Drainfield Trust.
  - Resolution 29-21, Fund 183 – Facilities and Activating Fund 507 Facilities.

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

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>General Obligation Debt/Liabilities</b>						
263.61	Castle Hill Propety	12/1/2021	244,788	-	244,788	-
263.87	PW Trust Fund Loan	6/1/2033	1,502,761	-	57,798	1,444,963
263.83	Working Advance Funding from DSHS	6/30/2019	28,548	-	-	28,548
<b>Total General Obligation Debt/Liabilities:</b>			<b>1,776,097</b>	<b>-</b>	<b>302,586</b>	<b>1,473,511</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
252.11	LTGO Rfg 2016A-Jeffcom	12/1/2026	968,262	-	153,288	814,974
252.11	LTGO Refg 2016B - RTRI Area	12/1/2030	1,436,346	-	133,866	1,302,480
252.11	LTGO Refg 2016B - E911	12/1/2030	945,654	-	88,134	857,520
263.22	Landfill Post Closure Liability		115,251	560	-	115,811
259.12	Compensated Absences		1,358,810	114,586	-	1,473,396
264.30	Net Pension Liability		4,730,201	-	3,577,576	1,152,625
264.40	OPEB Liability		2,836,666	-	62,433	2,774,233
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>12,391,190</b>	<b>115,146</b>	<b>4,015,297</b>	<b>8,491,039</b>
<b>Total Liabilities:</b>			<b>14,167,287</b>	<b>115,146</b>	<b>4,317,883</b>	<b>9,964,550</b>

**Jefferson 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	CLH18247	116,125	-	116,125	-	36
		10.557	CLH18247	25,443	-	25,443	-	3
Total ALN 10.557:				141,568	-	141,568	-	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA State Department of Health)	WIC Farmers' Market Nutrition Program (FMNP)	10.572	CLH18247	516	-	516	-	3
		Forest Service Schools and Roads Cluster						
FOREST SERVICE, AGRICULTURE, DEPARTMENT OF	Schools and Roads - Grants to States	10.665	N/A	-	317,924	317,924	-	
		Total Forest Service Schools and Roads Cluster:				317,924	-	
Department of Defense	Military Forest Yield	12.U01	N/A	-	3,080	3,080	-	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via WA state Dept of Commerce)	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	21-62210-007	1,606	-	1,606	1,606	

The accompanying notes are an integral part of this schedule.

**Jefferson 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 state Dept of Commerce)	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	19-62210-007	80,188	-	80,188	80,188	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via WA state Dept of Commerce)	COVID 19 - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	20-6221C-114	13,582	-	13,582	13,582	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via WA state Dept of Commerce)	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	20-62210-007	63,736	-	63,736	63,736	
<b>Total ALN 14.228:</b>				<b>159,112</b>	<b>-</b>	<b>159,112</b>	<b>159,111</b>	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via Dept of Justice Office for Victims of Crimes)	Crime Victim Assistance	16.575	21-31101-514	34,792	-	34,792	-	
OFFICE ON VIOLENCE AGAINST WOMEN, JUSTICE, DEPARTMENT OF (via WA State Dept. of Commerce Crime Victims Advocacy)	Violence Against Women Formula Grants	16.588	F19-31103.072	9,175	-	9,175	-	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via WA State Health Care Authority)	Residential Substance Abuse Treatment for State Prisoners	16.593	K4880	47,114	-	47,114	-	

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



**Jefferson 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 Department of Justice)	Bulletproof Vest Partnership Program	16.607	N/A	4,673	-	4,673	-	
<b>Highway Planning and Construction Cluster</b>								
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Department of Transportation)	Highway Planning and Construction	20.205	LA 8904	1,047	-	1,047	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Department of Transportation)	Highway Planning and Construction	20.205	LA-10045	4,365	-	4,365	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Department of Transportation)	Highway Planning and Construction	20.205	LA-10080	4,292	-	4,292	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Department of Transportation)	Highway Planning and Construction	20.205	LA-10126 (WSDOT TAP- 0019 (007))	3,620	-	3,620	-	
<b>Total Highway Planning and Construction Cluster:</b>				<b>13,324</b>	<b>-</b>	<b>13,324</b>	<b>-</b>	
<b>Highway Safety Cluster</b>								
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA Association of Sheriffs & Police Chiefs)	State and Community Highway Safety	20.600	N/A	4,110	-	4,110	-	

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

# Jefferson County

## Expenditures

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

**Jefferson 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 Ecology)	Puget Sound Action Agenda: Technical Investigations and Implementation Assistance Program	66.123	WQNEP-2020- JeCoWS-00067	23,784	-	23,784	-	
ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY (via WA State Department of Health)	Puget Sound Action Agenda: Technical Investigations and Implementation Assistance Program	66.123	CLH18247	43,251	-	43,251	-	3
ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY (via WA State Department of Health)	Puget Sound Action Agenda: Technical Investigations and Implementation Assistance Program	66.123	CLH18247	43,251	-	43,251	-	
ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY (via WA State Department of Health/Hood Canal Coordinating Council)	Puget Sound Action Agenda: Technical Investigations and Implementation Assistance Program	66.123	PC-01J18001-4	4,423	-	4,423	-	3
<b>Total ALN 66.123:</b>				<b>116,992</b>	<b>-</b>	<b>116,992</b>	<b>-</b>	
ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY (via WA State Department of Ecology)	National Estuary Program	66.456	CE-01J02301-0	26,870	-	26,870	-	
ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY (via WA State Department of Health)	Beach Monitoring and Notification Program Implementation Grants	66.472	CLH18247	12,259	-	12,259	-	3

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

**Jefferson 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		
ELECTION ASSISTANCE COMMISSION, ELECTION ASSISTANCE COMMISSION (via WA State Secretary of State)	2018 HAVA Election Security Grants	90.404	IG-6935	23,164	-	23,164	-	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Department of Health)	Public Health Emergency Preparedness	93.069	CLH18247	49,453	-	49,453	-	37
FOOD AND DRUG ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Department of Health)	Food and Drug Administration Research	93.103	G-SP-2106- 09457	2,500	-	2,500	-	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Health Care Authority)	Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	K3921	39,312	-	39,312	-	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Health Care Authority)	Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	K3921	14,809	-	14,809	-	3
<b>Total ALN 93.243:</b>				<b>54,121</b>	<b>-</b>	<b>54,121</b>	<b>-</b>	

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

**Jefferson 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)	Immunization Cooperative Agreements	93.268	N/A	9,571	-	9,571	-	4
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Department of Health)	Immunization Cooperative Agreements	93.268	CLH18247	460	-	460	-	3
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	CLH18247	67,346	-	67,346	-	
<b>Total ALN 93.268:</b>				<b>77,377</b>	<b>-</b>	<b>77,377</b>	<b>-</b>	
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	CLH18247	57,656	-	57,656	-	
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	CLH18247	168,448	-	168,448	-	3

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

**Jefferson 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 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	CLH18247	256,596	-	256,596	-	3
				<b>482,700</b>	-	<b>482,700</b>	-	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Department of Health)	COVID 19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	CLH18247	41,792	-	41,792	-	8
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Department of Health)	National and State Tobacco Control Program	93.387	KPHD 2182	4,560	-	4,560	-	3
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Department of Health)	National and State Tobacco Control Program	93.387	KPHD 2097	5,040	-	5,040	-	3
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Department of Social & Health Services)	Child Support Enforcement	93.563	75-1501-0-1- 609	29,988	-	29,988	-	
			<b>Total ALN 93.387:</b>	<b>9,600</b>	-	<b>9,600</b>	-	

The accompanying notes are an integral part of this schedule.

**Jefferson 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		
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Department of Social & Health Services)	Child Support Enforcement	93.563	75-1501-0-1- 609	65,683	-	65,683	-	
		Total ALN 93.563:			-	95,671	-	
Medicaid Cluster								
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Health Care Authority)	Medical Assistance Program	93.778	K3066	10,834	-	10,834	-	9
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Health Care Authority)	Medical Assistance Program	93.778	K4646	68,865	-	68,865	-	3
Total Medicaid Cluster:				79,699	-	79,699	-	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA STATE HEALTH CARE AUTHORITY)	Opioid STR	93.788	K3921	13,550	-	13,550	-	11

**Jefferson 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		
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA STATE HEALTH CARE AUTHORITY)	Opioid STR	93.788	K5534	5,334	-	5,334	-	3
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Health Care Authority)	Opioid STR	93.788	K3921	47,298	-	47,298	-	3
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA STATE HEALTH CARE AUTHORITY)	Opioid STR	93.788	K4868	336,000	-	336,000	-	14
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA STATE HEALTH CARE AUTHORITY)	Opioid STR	93.788	K4821	5,679	-	5,679	-	
<b>Total ALN 93.788:</b>				<b>407,861</b>	<b>-</b>	<b>407,861</b>	<b>-</b>	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Public Health Seattle & King County)	Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	5676 CDIP	314	-	314	-	

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



**Jefferson 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		
HEALTH RESOURCES AND SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Health Resources & Services Administration)	Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement	93.912	GA1RH39564-01-01	142,388	-	142,388	-	3
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Health Care Authority)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	K5534	21,874	-	21,874	-	3
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Health Care Authority)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	K3921	97,470	-	97,470	-	310
<b>Total ALN 93.959:</b>				<b>119,344</b>	<b>-</b>	<b>119,344</b>	<b>-</b>	
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	CLH18247	35,893	-	35,893	-	3
U.S. COAST GUARD, HOMELAND SECURITY, DEPARTMENT OF (via WA State Parks & Recreation Commission)	Boating Safety Financial Assistance	97.012	MLE 123-156	3,619	-	3,619	-	

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

**Jefferson 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)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	D16-637, PW161 v.1	5,344	-	5,344	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR4593-WA	136,144	-	136,144	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	COVID 19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	D20-182	122,377	-	122,377	-	
<b>Total ALN 97.036:</b>				<b>263,865</b>	<b>-</b>	<b>263,865</b>	<b>-</b>	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Hazard Mitigation Grant	97.039	D21-031, 4418- 03-R	44,507	-	44,507	-	5
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Emergency Management Performance Grants	97.042	E21-124	27,896	-	27,896	-	

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

**Jefferson 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)	Homeland Security Grant Program	97.067	E19-087	4,583	-	4,583	-	12
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Homeland Security Grant Program	97.067	E20-063, E22- 185	15,620	-	15,620	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Homeland Security Grant Program	97.067	E21-062	29,379	-	29,379	-	
<b>Total ALN 97.067:</b>				<b>49,582</b>	<b>-</b>	<b>49,582</b>	<b>-</b>	
<b>Total Federal Awards Expended:</b>				<b>2,710,837</b>	<b>2,245,197</b>	<b>4,956,034</b>	<b>159,111</b>	

## JEFFERSON COUNTY, WASHINGTON

### Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2021

#### Note 1 – Basis of Accounting

This Schedule is prepared on the same basis of accounting of accounting as the Jefferson County financial statements. The basis of accounting Jefferson County uses represents a cash basis of accounting other than accounting principles generally accepted in the United States of America.

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the Jefferson County 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 2 – Federal De Minimis Indirect Cost Rate

The Jefferson 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 \$254,196.95 claimed as an indirect cost recovery using an approved indirect cost rate between 8 percent and 44.84 percent.

#### Note 4 – Noncash Awards

- a. The amount of \$9,571.14 reported on the Schedule is the value of vaccine received by the Jefferson County during current year and priced as prescribed by Washington State Childhood Vaccine.
- b. CFDA 97.036, County received total value \$531,071.76. These are unaudited amounts.
  - 1) Jefferson County Public Health Department received PPE valued as \$502,744.58.
  - 2) Jefferson County Public Safety & Security Department received PPE valued as \$28,327.18.

Note 5: Public Works Includes \$9,481.21 expenditures from 2019 authorized by FEMA as “Pre-Award Costs” that were not reporting in the 2019 or 2020 Annual Report SEFA. We were awarded a Hazard Mitigation Grant in July 2021 for a project that started in 2018. They are allowing select costs from 2019, no costs in 2020.

Note 6: WIC Support Nutrition program, CFDA # 10.557 includes expenditures of \$14,776.26 that were not billed and therefore not reported in 2020. This was billed and resolved in 2021.

Note 7: Public Health Emergency Preparedness, CFDA # 93.069 includes expenditures of \$1,746.95 that were not billed and therefore not reported in 2020. This was billed and resolved in 2021.

Note 8: Public Health Crisis Response awards, CFDA # 93.354 includes expenditures of \$10,423.92 that were not billed and therefore not reported in 2020. This was billed and resolved in 2021.

Note 9: Medical Assistance Program, CFDA# 93.778 expenditures of \$10,833.86 that were not billed and therefore not reported in 2020. This was billed and resolved in 2021.

Note 10: Block Grant Prevention Treatment Abuse, CFDA# 93.359 includes \$981.03 that were not billed and therefore not reported in 2020. This was billed and resolved in 2021.

Note 11: Substance Abuse Block Grant, CFDA # 93.788 includes expenditures \$2,716.01 that were not billed and therefore not reported in 2020. This was billed and resolved in 2021.

Note 12: Homeland Security Grant Program, CFDA# 97.067, expenditures of \$4,582.75 that were not billed and therefore unreported in 2020. This was billed and resolved in 2021.

Note 13: Covid-19 Grant Assistance, CFDA# 20.019 expenditures of \$12,578.82 that were not reported in 2020 Annual Report due to Administrative Office of the Court (AOC) was not clear this was a grant. Instead it was treated as an entitlement in 2020.

Note 14. State Opioid Response Grant, CFDA# 93.788 expenditures of \$68,000 that were not reported in 2020. This was billed and resolved in 2021



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## CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED UNDER UNIFORM GUIDANCE

**Jefferson County**  
**January 1, 2021 through December 31, 2021**

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

<b>Finding ref number:</b> 2021-001	<b>Finding caption:</b> The County's internal controls over preparing financial statements were inadequate for ensuring accurate and reliable reporting.
<b>Name, address, and telephone of County contact person:</b> Judy Shepherd 1820 Jefferson Street Port Townsend, WA 98368 (360) 385-9231	
<b>Corrective action the auditee plans to take in response to the finding:</b> <i>The County will continue to refine its process for reporting and the reconciliation between the Munis Financial general ledger and the bank statements. We will conduct an improved, documented review of financial data for the submission of the annual report.</i>	
<b>Anticipated date to complete the corrective action:</b> Completion of the 2022 Annual Report	

## ABOUT THE STATE AUDITOR'S OFFICE

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