



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Grays Harbor County

For the period January 1, 2022 through December 31, 2022

Published September 28, 2023

Report No. 1033401



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

September 28, 2023

Board of Commissioners
Grays Harbor County
Montesano, Washington

Report on Financial Statements and Federal Single Audit

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

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

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Grays Harbor County January 1, 2022 through December 31, 2022

SECTION I – SUMMARY OF AUDITOR’S RESULTS

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

Financial Statements

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

Internal Control over Financial Reporting:

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

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

Federal Awards

Internal Control over Major Programs:

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

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

We reported findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs

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

<u>ALN</u>	<u>Program or Cluster Title</u>
10.766	Community Facilities Loans and Grants Cluster – Community Facilities Loans and Grants
14.231	COVID-19 – Emergency Solutions Grant Program
21.023	COVID-19 – Emergency Rental Assistance Program
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 2022-001.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

See Finding 2022-002.

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

Grays Harbor County January 1, 2022 through December 31, 2022

2022-001 The County did not have adequate internal controls ensuring accurate reporting of the Schedule of Expenditures of Federal Awards.

Background

State and federal agencies, the Board of Commissioners, and the public rely on information included in financial statements to make decisions. County management is responsible for designing and following internal controls that provide reasonable assurance regarding the reliability of financial reporting. These controls should ensure the County properly reports financial events. The County prepares its financial statements in accordance with the cash-basis accounting method prescribed in the State Auditor's Office's *Budgeting, Accounting and Reporting System* (BARS Manual).

Our audit found deficiencies in internal controls over financial reporting that affected the County's ability to produce reliable financial statements. *Government Auditing Standards* requires the State Auditor's Office to communicate material weaknesses as a finding.

Description of Condition

The County prepared a Schedule of Expenditures of Federal Awards (SEFA) to document the federal grant funding it spent during the year. The federal government requires award recipients to complete a SEFA, and the State Auditor's Office uses it to determine which federal programs require additional audit procedures. The County did not have an adequate process in place to ensure all federal programs with outstanding loan balances that required reporting were included on its SEFA.

We consider this deficiency in internal controls over accounting and financial reporting to be a material weakness.

Cause of Condition

County employees responsible for preparing the SEFA were not aware that the guidance for this program changed for fiscal year 2022, which required them to include the outstanding loan balance for this program.

Effect of Condition

The County's SEFA for fiscal year 2022 omitted the outstanding loan balance related to the Community Facilities Loans and Grants (ALN 10.766), which is required to be reported for this program in fiscal year 2022. As a result, the County understated its SEFA by \$1,186,541.

Had this program been included in the original SEFA, it would have been selected for additional audit procedures during the planning process to ensure compliance with federal requirements. An incorrect SEFA can lead to audit delays beyond the federal reporting deadline, cause additional audit costs, and potentially jeopardize future federal funding.

The County subsequently corrected this error, and our Office performed the required single audit of the program.

Recommendation

We recommend the County establish and follow effective internal controls over financial statement preparation, including ensuring the SEFA reports all outstanding loan balances in accordance with current requirements.

County's Response

Grays Harbor County ("County") thanks the State Auditor's Office ("State Auditor") for its comments and recommendations. In 2017, the County obtained a Community Facilities Loan and reported loan proceeds on its Schedule of Expenditures of Federal Awards ("SEFA"). The project was completed in 2017 and no annual reporting was done on the SEFA thereafter. During the 2022 Financial and Single Audit, the State Auditor shared with the County a United States Department of Agriculture ("USDA") administrative notice ("Notice"). The Notice, issued on September 19, 2022, stated that USDA (1) received numerous inquiries regarding annual reporting requirements, and (2) intended to clarify that loan borrowers and grant recipients were required to continue submitting annual financial reports. The County reached out to USDA, who stated that USDA had not shared the Notice with their loan specialists or with their borrowers. Until its 2022

receipt of the Notice from the State Auditor, the County was unaware that it was required to continue reporting the loan payments on the SEFA.

Auditor's Remarks

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

Applicable Laws and Regulations

RCW 43.09.200 Local government accounting – Uniform system of accounting, requires the state auditor to prescribe the system of accounting and reporting for all local governments.

Budgeting, Accounting and Reporting System (BARS) Manual, 3.1.3, Internal Control, requires each local government to establish and maintain an effective system of internal controls that provides reasonable assurance that the government will achieve its objectives.

BARS Manual, 4.14.5, Expenditures of Federal Awards (Schedule 16), requires governments that expend over \$750,000 or more in federal grant awards in a year, must arrange a federal single audit in accordance with the Uniform Guidance, 2 CFR 200, Subpart F-Audit Requirements.

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.

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), section 502 – Basis for determining federal awards expended.

Title 2 CFR Part 200, Uniform Guidance, section 510, Financial statements, requires the auditee to prepare a schedule of expenditures of federal awards including the total federal awards expended during the period.

U.S. Department of Agriculture Administrative Notice No. 4889 (1942-A, 5001, and 3570-B), *Community Facilities Direct and Guaranteed Loan Borrowers, and Grant Recipients Annual Audit and Financial Reporting Requirements*.

SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Grays Harbor County January 1, 2022 through December 31, 2022

2022-002 The County's internal controls were inadequate for ensuring compliance with federal suspension and debarment requirements.

Assistance Listing Number and Title:	21.027 – COVID-19 Coronavirus State and Local Fiscal Recovery Funds
Federal Grantor Name:	U.S. Department of the Treasury
Federal Award/Contract Number:	N/A
Pass-through Entity Name:	N/A
Pass-through Award/Contract Number:	N/A
Known Questioned Cost Amount:	\$0
Prior Year Audit Finding:	N/A

Description of Condition

The purpose of the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program is to respond to the COVID-19 pandemic's negative effects on public health and the economy, provide premium pay to essential workers during the pandemic, provide government services to the extent COVID-19 caused a reduction in revenues collected, and make necessary investments in water, sewer, or broadband infrastructure. In 2022, the County spent \$8,441,435 in program funds.

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

Federal requirements prohibit grant recipients from contracting with or purchasing from parties suspended or debarred from doing business with the federal government. Whenever the County enters into contracts or purchases goods or services that it expects to equal or exceed \$25,000, paid all or in part with federal funds, it must verify the contractors have not been suspended, debarred or otherwise excluded. The County may accomplish this verification by collecting a written

certification from the contractor, adding a clause or condition into the contract that states the contractor is not suspended or debarred, or checking for exclusion records in the U.S. General Services Administration's System for Award Management at SAM.gov. The County must perform this verification before entering into the contract, and it must maintain documentation demonstrating compliance with this federal requirement.

Our audit found the County's controls were inadequate for ensuring staff verified the suspension and debarment status of contractors for purchases exceeding \$25,000, paid all or in part with federal funds. Specifically, the County did not verify that two of the six contractors we tested were not suspended and debarred from participating in federal programs before entering into contracts with them.

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

Cause of Condition

Not all County staff were aware of the federal program's suspension and debarment verification requirements, and they were unable to provide documentation to support that they verified the two contractors were not suspended or debarred.

Effect of Condition

Without adequate internal controls, the County increases its risk of awarding federal funds to contractors that are excluded from participating in federal programs. Any payments the County made to an ineligible party would be unallowable, and the federal agency could potentially recover them.

Through a search of SAM.gov, we verified all two contractors were not suspended or debarred. Therefore, we are not questioning costs.

Recommendation

We recommend the County strengthen internal controls to ensure all contractors it expects to pay \$25,000 or more, all or in part with federal funds, are not suspended or debarred from participating in federal programs before entering into contracts or purchasing. In addition, the County should maintain documentation demonstrating compliance with this federal requirement.

County's Response

Grays Harbor County ("County") thanks the State Auditor's Office ("State Auditor") for bringing this issue to the County's attention. In February 2022, the County adopted a procurement policy ("Policy") applicable to all contracts funded by the Coronavirus State and Local Fiscal Recovery program ("Program"). The Policy requires the County to, prior to entering into such a contract, verify that the contractor has not been suspended, debarred, or otherwise excluded. Despite having this Policy, the County did not verify the contractors identified by the State Auditor.

Auditor's Remarks

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

Applicable Laws and Regulations

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

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

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

Title 2 CFR Part 180, OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (*Nonprocurement*), establishes nonprocurement debarment and suspension regulations implementing Executive Orders 12549 and 12689.

OFFICE OF
COUNTY COMMISSIONERS
JILL WARNE
FIRST DISTRICT
KEVIN FINE
SECOND DISTRICT
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THIRD DISTRICT
WENDY CHATHAM
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Grays Harbor County January 1, 2022 through December 31, 2022

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

Audit Period: 1/1/2021 – 12/31/2021	Report Reference No.: 1031166	Finding Ref. No.: 2021-001	ALN(s): 66.468
Federal Program Name and Granting Agency: – Capitalization Grants for Drinking Water State Revolving Funds, Environmental Protection Agency.		Pass-Through Agency Name: Washington State Department of Health	
Finding Caption: The County's internal controls were inadequate for ensuring compliance with federal procurement requirements.			
Although the County has a written procurement policy, it does not conform to the most restrictive methods and thresholds for procuring public works projects. Additionally, the County's policy does not include other required procedures for procuring transactions, such as piggybacking, contract cost and price analysis, bonding requirements, and more.			
Status of Corrective Action: (check one) <input checked="" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid			
Corrective Action Taken: <i>The County adopted an updated procurement policy ("Policy") on December 20, 2022, by Resolution No. 2022-14. The Policy incorporates the federal procurement requirements under the Uniform Guidance and conforms to the most restrictive methods and thresholds for procuring public works projects. For example, when determining level of competition using Federal awards, the Policy compares the County and Federal thresholds and instructs the County to rely on the more restrictive thresholds. Further, the policy includes other required procedures for procuring transactions, such as piggybacking (Part 1, Section 15 of the Policy), contract cost and price analysis (Part 2, Section 14 of the Policy), and bonding requirements (Part 2, Section 16 of the Policy).</i>			

Audit Period: 1/1/2021 – 12/31/2021	Report Reference No.: 1031166	Finding Ref. No.: 2021-002	ALN(s): 21.023
Federal Program Name and Granting Agency: – Emergency Rental Assistance Program, U.S. Department of the Treasury.		Pass-Through Agency Name: Washington State Department of Commerce	
Finding Caption: The County lacked adequate internal controls for ensuring it met subrecipient monitoring requirements.			
The County provided funds to one subrecipient to administer COVID-19 assistance programs to County households. The County did not include all required elements in the subaward, and it did not perform a risk assessment and sufficiently monitor the subrecipient, as federal regulations require.			
Status of Corrective Action: (check one) <input checked="checked" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid			
Corrective Action Taken: <i>To ensure the County's subaward agreements include the required elements for federal awards under Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), the County reviewed the Uniform Guidance and adopted, by Resolution No. 2022-146, an updated procurement policy that incorporates the required elements. Additionally, the County created contract checklists that incorporate the required elements such as the subrecipient's unique entity identifier, the federal award identification number (FAIN), federal award date, and the Assistance Listing Number (ALN). Using these checklists, the County established subaward agreements that include the required elements. To ensure that the County adequately assesses subrecipients' risk for each subaward, the County developed and implemented a standardized tool for risk assessment that outlines each agency's level of risk for programmatic and fiscal elements and the corresponding implications on programmatic and fiscal documentation and contracting requirements. To ensure that the County sufficiently monitors subrecipients to verify they are complying with federal regulations and the terms and condition of each subaward, the County created internal tools to track and document for later reporting and is monitoring subrecipient activities and procedures such as invoicing, performance metrics, and subrecipient records.</i>			

INDEPENDENT AUDITOR'S REPORT

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

Grays Harbor County January 1, 2022 through December 31, 2022

Board of Commissioners
Grays Harbor County
Montesano, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Grays Harbor County, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's financial statements, and have issued our report thereon dated September 25, 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.

However, we identified certain deficiencies in internal control, as described in the accompanying Schedule of Audit Findings and Responses as Finding 2022-001 that we consider to be material weaknesses.

In addition, we also noted certain other matters that we have reported to the management of the County in a separate letter dated September 25, 2023.

REPORT ON COMPLIANCE AND OTHER MATTERS

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

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

COUNTY'S RESPONSE TO FINDINGS

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

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

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

Pat McCarthy, State Auditor

Olympia, WA

September 25, 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

Grays Harbor County January 1, 2022 through December 31, 2022

Board of Commissioners
Grays Harbor County
Montesano, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the compliance of Grays Harbor County, with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2022. 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, 2022.

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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Federal Award Findings and Questioned Costs as 2022-002. Our opinion on each major federal program is not modified with respect to these matters.

County's Response to Findings

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

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.

However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2022-002 that we consider to be a material weakness.

County's Response to Findings

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

Purpose of this Report

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

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

Pat McCarthy, State Auditor

Olympia, WA

September 25, 2023

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Grays Harbor County January 1, 2022 through December 31, 2022

Board of Commissioners
Grays Harbor County
Montesano, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of Grays Harbor County, as of and for the year ended December 31, 2022, 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 Grays Harbor County, and its changes in cash and investments, for the year ended December 31, 2022, on the basis of accounting described in Note 1.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion, they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Grays Harbor County, as of December 31, 2022, 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.

Matters of Emphasis

As discussed in Note 5 to the financial statements, in 2022, the County adopted new accounting guidance for presentation and disclosure of leases as required by the BARS Manual. Our opinion is not modified with respect to this matter.

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 September 25, 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, reading "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

September 25, 2023

FINANCIAL SECTION

Grays Harbor County January 1, 2022 through December 31, 2022

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2022
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2022
Notes to Financial Statements – 2022

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2022
Schedule of Expenditures of Federal Awards – 2022
Notes to the Schedule of Expenditures of Federal Awards – 2022

Grays Harbor County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		Total for All Funds (Memo Only)	001 General Fund	101 Special Projects	102 Auditor's M & O
Beginning Cash and Investments					
308	Beginning Cash and Investments	69,553,061	8,909,793	201,739	481,796
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	43,586,290	20,309,658	-	-
320	Licenses and Permits	1,778,008	1,763,410	-	-
330	Intergovernmental Revenues	39,027,892	5,549,974	-	69,352
340	Charges for Goods and Services	22,240,877	4,167,138	-	69,057
350	Fines and Penalties	1,228,362	1,224,690	-	-
360	Miscellaneous Revenues	3,241,137	1,664,444	-	164
Total Revenues:		111,102,566	34,679,314	-	138,573
Expenditures					
510	General Government	22,814,728	16,766,301	-	69,083
520	Public Safety	20,830,042	14,861,731	-	-
530	Utilities	3,525,637	-	-	-
540	Transportation	15,933,818	-	-	-
550	Natural/Economic Environment	5,976,386	1,072,882	-	-
560	Social Services	22,237,343	1,334,225	-	-
570	Culture and Recreation	1,844,095	255,773	-	-
Total Expenditures:		93,162,049	34,290,912	-	69,083
Excess (Deficiency) Revenues over Expenditures:		17,940,517	388,402	-	69,490
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	6,486,520	1,040,902	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	4,111,225	1,596,209	-	-
Total Other Increases in Fund Resources:		10,597,745	2,637,111	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	6,234,846	370,448	-	2,848
591-593, 599	Debt Service	1,705,565	50,336	-	-
597	Transfers-Out	6,486,520	2,811,713	201,739	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	319,931	218,817	-	-
Total Other Decreases in Fund Resources:		14,746,862	3,451,314	201,739	2,848
Increase (Decrease) in Cash and Investments:		13,791,400	(425,801)	(201,739)	66,642
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	50,327,267	119,391	-	548,438
50841	Committed	8,196,261	342,529	-	-
50851	Assigned	16,798,851	-	-	-
50891	Unassigned	8,022,076	8,022,076	-	-
Total Ending Cash and Investments		83,344,455	8,483,996	-	548,438

The accompanying notes are an integral part of this statement.

Grays Harbor County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		103 Fair Event	104 Trial Court Improvement	105 Paths & Trails	106 Law Library
Beginning Cash and Investments					
308	Beginning Cash and Investments	234,159	140,664	56,671	75,605
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	87,455	(38,919)	11,055	-
340	Charges for Goods and Services	348,664	45,368	-	32,608
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	463,053	-	-	13
Total Revenues:		899,172	6,449	11,055	32,621
Expenditures					
510	General Government	-	26,005	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	874	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	1,039,816	-	-	21,613
Total Expenditures:		1,040,690	26,005	-	21,613
Excess (Deficiency) Revenues over Expenditures:		(141,518)	(19,556)	11,055	11,008
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	112,500	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	100,000	-	-	-
Total Other Increases in Fund Resources:		212,500	-	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	7,975	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	100,000	-	-	-
Total Other Decreases in Fund Resources:		107,975	-	-	-
Increase (Decrease) in Cash and Investments:		(36,993)	(19,556)	11,055	11,008
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	121,107	67,726	86,612
50841	Committed	197,165	-	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		197,165	121,107	67,726	86,612

The accompanying notes are an integral part of this statement.

Grays Harbor County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		107 Affordable Housing	108 Sheriff's Law Enforcement	109 Crime Victim Penalty Assm	110 Roads
Beginning Cash and Investments					
308	Beginning Cash and Investments	1,570,515	131,292	202,425	8,656,105
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	105,206	-	-	8,181,589
320	Licenses and Permits	-	-	-	7,400
330	Intergovernmental Revenues	-	-	68,229	4,395,053
340	Charges for Goods and Services	116,949	-	80,180	287,240
350	Fines and Penalties	-	-	137	-
360	Miscellaneous Revenues	12,642	29,636	1,308	180,625
Total Revenues:		234,797	29,636	149,854	13,051,907
Expenditures					
510	General Government	-	-	118,912	-
520	Public Safety	-	10,998	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	12,699,234
550	Natural/Economic Environment	278,645	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		278,645	10,998	118,912	12,699,234
Excess (Deficiency) Revenues over Expenditures:		(43,848)	18,638	30,942	352,673
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	1,950,546
Total Other Increases in Fund Resources:		-	-	-	1,950,546
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	2,555,049
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	8,643
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	-	-	2,563,692
Increase (Decrease) in Cash and Investments:		(43,848)	18,638	30,942	(260,473)
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	1,526,667	149,929	233,367	8,395,631
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		1,526,667	149,929	233,367	8,395,631

The accompanying notes are an integral part of this statement.

Grays Harbor County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		111 Treasurer's M & O	112 Stadium	113 GH Raceway	114 Veterans Relief
Beginning Cash and Investments					
308	Beginning Cash and Investments	248,283	5,280,043	29,513	67,949
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	153,955	3,123,296	-	84,367
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	4,607
340	Charges for Goods and Services	1,197	-	4,139	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	1,659	39,667	24,973	452
Total Revenues:		156,811	3,162,963	29,112	89,426
Expenditures					
510	General Government	132,487	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	1,227,454	-	-
560	Social Services	-	-	-	9,668
570	Culture and Recreation	-	18,527	15,253	-
Total Expenditures:		132,487	1,245,981	15,253	9,668
Excess (Deficiency) Revenues over Expenditures:		24,324	1,916,982	13,859	79,758
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	10,678	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	9,161
Total Other Increases in Fund Resources:		-	-	10,678	9,161
Other Decreases in Fund Resources					
594-595	Capital Expenditures	634	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	875,569	7,200	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		634	875,569	7,200	-
Increase (Decrease) in Cash and Investments:		23,690	1,041,413	17,337	88,919
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	271,973	6,321,456	-	156,868
50841	Committed	-	-	46,850	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		271,973	6,321,456	46,850	156,868

The accompanying notes are an integral part of this statement.

Grays Harbor County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		115 Court Self- Help Center	116 Election Reserve	117 Ab Landfill Postclosure	118 ORV Park
Beginning Cash and Investments					
308	Beginning Cash and Investments	-	233,500	616,577	24,111
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	125,000	-	-	-
340	Charges for Goods and Services	-	120,665	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	2,680	4,386	24,509
Total Revenues:		125,000	123,345	4,386	24,509
Expenditures					
510	General Government	22,447	101,779	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	181,792	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	53,473
Total Expenditures:		22,447	101,779	181,792	53,473
Excess (Deficiency) Revenues over Expenditures:		102,553	21,566	(177,406)	(28,964)
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	100,000	24,931
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	100,000	24,931
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	3,079	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		3,079	-	-	-
Increase (Decrease) in Cash and Investments:		99,474	21,566	(77,406)	(4,033)
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	99,474	120,945	-	-
50841	Committed	-	134,121	539,171	20,078
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		99,474	255,066	539,171	20,078

The accompanying notes are an integral part of this statement.

Grays Harbor County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		128 Federal Equitable Sharing	129 Public Health	130 RE Excise Tax Technology	131 Tax Refund
Beginning Cash and Investments					
308	Beginning Cash and Investments	122,638	1,878,365	128,005	14,284
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	6,015	-	-
330	Intergovernmental Revenues	15,479	4,946,994	-	-
340	Charges for Goods and Services	-	315,793	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	66,235	-	-
Total Revenues:		15,479	5,335,037	-	-
Expenditures					
510	General Government	-	-	93,796	-
520	Public Safety	18,470	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	5,227,328	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		18,470	5,227,328	93,796	-
Excess (Deficiency) Revenues over Expenditures:		(2,991)	107,709	(93,796)	-
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	779,200	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	779,200	-	-
Other Decreases in Fund Resources					
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:		-	-	-	-
Increase (Decrease) in Cash and Investments:		(2,991)	886,909	(93,796)	-
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	119,647	2,765,274	34,209	14,284
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		119,647	2,765,274	34,209	14,284

The accompanying notes are an integral part of this statement.

Grays Harbor County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		132 Excise/Revaluat ion	135 Emergency Communication s	137 Public Safety Sales Tax	139 Chem Dep/MH/Therap Court
Beginning Cash and Investments					
308	Beginning Cash and Investments	106,042	-	2,613,280	5,334,942
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	4,210,957	2,973,350	1,766,418
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	11,632	-	-	256,276
340	Charges for Goods and Services	11,565	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	666	6,266	38,797
Total Revenues:		23,197	4,211,623	2,979,616	2,061,491
Expenditures					
510	General Government	49,858	-	-	181,886
520	Public Safety	-	4,211,623	1,722,537	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	635,793
570	Culture and Recreation	-	-	-	-
Total Expenditures:		49,858	4,211,623	1,722,537	817,679
Excess (Deficiency) Revenues over Expenditures:		(26,661)	-	1,257,079	1,243,812
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	50,000	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	417,703	657,733
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	-	467,703	657,733
Increase (Decrease) in Cash and Investments:		(26,661)	-	789,376	586,079
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	79,381	-	-	5,921,021
50841	Committed	-	-	-	-
50851	Assigned	-	-	3,402,656	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		79,381	-	3,402,656	5,921,021

The accompanying notes are an integral part of this statement.

Grays Harbor County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		140 Mental Health	145 Homeless Housing	175 American Rescue Plan	201 LTGO Refunding Bonds 2012
Beginning Cash and Investments					
308	Beginning Cash and Investments	904,272	1,506,324	7,172,161	-
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	903,064	14,640,723	7,759,924	-
340	Charges for Goods and Services	-	738,439	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	7,418	115	-	-
Total Revenues:		910,482	15,379,277	7,759,924	-
Expenditures					
510	General Government	-	-	663,821	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	156,634	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	230,053	-
560	Social Services	937,515	14,025,946	18,612	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		937,515	14,025,946	1,069,120	-
Excess (Deficiency) Revenues over Expenditures:		(27,033)	1,353,331	6,690,804	-
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	202,513	-	-	867,826
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		202,513	-	-	867,826
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	1,128,874	-
591-593, 599	Debt Service	-	-	120,575	867,826
597	Transfers-Out	220,000	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		220,000	-	1,249,449	867,826
Increase (Decrease) in Cash and Investments:		(44,520)	1,353,331	5,441,355	-
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	859,751	2,859,656	12,613,519	-
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		859,751	2,859,656	12,613,519	-

The accompanying notes are an integral part of this statement.

Grays Harbor County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		203 Pavilion Bonds	206 LOCAL Program Fin- Energy	301 Facilities Capital	302 Software Replacement Reserve
Beginning Cash and Investments					
308	Beginning Cash and Investments	-	-	835,329	440,227
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	-	-	-
Total Revenues:		-	-	-	-
Expenditures					
510	General Government	-	-	20,874	-
520	Public Safety	-	-	4,683	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	25,557	-
Excess (Deficiency) Revenues over Expenditures:		-	-	(25,557)	-
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	65,520	45,250	1,950,000	450,000
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		65,520	45,250	1,950,000	450,000
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	582,346	74,130
591-593, 599	Debt Service	65,520	45,250	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		65,520	45,250	582,346	74,130
Increase (Decrease) in Cash and Investments:		-	-	1,342,097	375,870
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	-
50841	Committed	-	-	2,177,426	816,097
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		-	-	2,177,426	816,097

The accompanying notes are an integral part of this statement.

Grays Harbor County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		303 Fair Bldg Construction	307 Cumulative Reserve	309 Capital Improvements	310 Distressed Area Capital
Beginning Cash and Investments					
308	Beginning Cash and Investments	34,907	1,173,044	1,220,883	2,868,322
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	976,474	1,603,546
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	54,387	4,325	22,332
Total Revenues:		-	54,387	980,799	1,625,878
Expenditures					
510	General Government	-	512	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	418,883
560	Social Services	-	48,256	-	-
570	Culture and Recreation	439,640	-	-	-
Total Expenditures:		439,640	48,768	-	418,883
Excess (Deficiency) Revenues over Expenditures:		(439,640)	5,619	980,799	1,206,995
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	532,200	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	317,841	-	-	-
Total Other Increases in Fund Resources:		850,041	-	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	311,466	60,000	-	-
591-593, 599	Debt Service	-	-	-	81,600
597	Transfers-Out	-	381,043	400,000	391,783
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		311,466	441,043	400,000	473,383
Increase (Decrease) in Cash and Investments:		98,935	(435,424)	580,799	733,612
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	1,801,682	3,601,934
50841	Committed	133,841	737,619	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		133,841	737,619	1,801,682	3,601,934

The accompanying notes are an integral part of this statement.

Grays Harbor County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		401 Solid Waste Plan	402 Hogan's Corner Water System	403 Tax Title Management	404 PB Sewer M&O
Beginning Cash and Investments					
308	Beginning Cash and Investments	1,244,390	539,725	6,958,678	820,520
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	61,327	-	36,147	-
320	Licenses and Permits	-	-	1,183	-
330	Intergovernmental Revenues	218,324	-	-	-
340	Charges for Goods and Services	1,290,686	287,822	3,361,768	1,065,386
350	Fines and Penalties	-	-	-	1,163
360	Miscellaneous Revenues	82,957	6,401	106,560	118,857
Total Revenues:		1,653,294	294,223	3,505,658	1,185,406
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	1,024,952	126,218	-	1,117,328
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	2,747,595	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		1,024,952	126,218	2,747,595	1,117,328
Excess (Deficiency) Revenues over Expenditures:		628,342	168,005	758,063	68,078
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	50,000	-	215,000
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	1,632	-
Total Other Increases in Fund Resources:		-	50,000	1,632	215,000
Other Decreases in Fund Resources					
594-595	Capital Expenditures	35,820	33,120	32,669	256,775
591-593, 599	Debt Service	-	147,655	8,641	156,823
597	Transfers-Out	100,000	-	4,797	4,027
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	1,114	-
Total Other Decreases in Fund Resources:		135,820	180,775	47,221	417,625
Increase (Decrease) in Cash and Investments:		492,522	37,230	712,474	(134,547)
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	-
50841	Committed	-	-	-	-
50851	Assigned	1,736,912	576,957	7,671,151	685,974
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		1,736,912	576,957	7,671,151	685,974

The accompanying notes are an integral part of this statement.

Grays Harbor County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		405 PB/Moclips Water Sys M&O	406 North Beach Water System	407 Illahee Oyehut Sewer System	501 Equipment Rental & Revolving
Beginning Cash and Investments					
308	Beginning Cash and Investments	1,340,787	206,998	867,504	2,706,742
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	3,670	-	-
340	Charges for Goods and Services	1,056,771	131,497	120,632	4,213,785
350	Fines and Penalties	-	-	2,372	-
360	Miscellaneous Revenues	23,988	6,151	9,861	202,387
Total Revenues:		1,080,759	141,318	132,865	4,416,172
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	673,437	152,682	92,594	-
540	Transportation	-	-	-	3,234,584
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		673,437	152,682	92,594	3,234,584
Excess (Deficiency) Revenues over Expenditures:		407,322	(11,364)	40,271	1,181,588
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	40,000	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	40,660	-	95,176
Total Other Increases in Fund Resources:		40,000	40,660	-	95,176
Other Decreases in Fund Resources					
594-595	Capital Expenditures	42,337	34,171	-	559,092
591-593, 599	Debt Service	76,398	-	54,067	24,115
597	Transfers-Out	-	-	-	4,570
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		118,735	34,171	54,067	587,777
Increase (Decrease) in Cash and Investments:		328,587	(4,875)	(13,796)	688,987
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	1,437,325
50841	Committed	-	-	-	1,958,400
50851	Assigned	1,669,371	202,122	853,708	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		1,669,371	202,122	853,708	3,395,725

The accompanying notes are an integral part of this statement.

Grays Harbor County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		503 Central Services	504 Management Services
Beginning Cash and Investments			
308	Beginning Cash and Investments	631,881	722,071
388 / 588	Net Adjustments	-	-
Revenues			
310	Taxes	-	-
320	Licenses and Permits	-	-
330	Intergovernmental Revenues	-	-
340	Charges for Goods and Services	1,467,017	2,906,511
350	Fines and Penalties	-	-
360	Miscellaneous Revenues	5,311	27,912
Total Revenues:		1,472,328	2,934,423
Expenditures			
510	General Government	1,396,890	3,170,077
520	Public Safety	-	-
530	Utilities	-	-
540	Transportation	-	-
550	Natural/Economic Environment	-	-
560	Social Services	-	-
570	Culture and Recreation	-	-
Total Expenditures:		1,396,890	3,170,077
Excess (Deficiency) Revenues over Expenditures:		75,438	(235,654)
Other Increases in Fund Resources			
391-393, 596	Debt Proceeds	-	-
397	Transfers-In	-	-
385	Special or Extraordinary Items	-	-
381, 382, 389, 395, 398	Other Resources	-	-
Total Other Increases in Fund Resources:		-	-
Other Decreases in Fund Resources			
594-595	Capital Expenditures	97,092	-
591-593, 599	Debt Service	-	3,680
597	Transfers-Out	-	-
585	Special or Extraordinary Items	-	-
581, 582, 589	Other Uses	-	-
Total Other Decreases in Fund Resources:		97,092	3,680
Increase (Decrease) in Cash and Investments:		(21,654)	(239,334)
Ending Cash and Investments			
50821	Nonspendable	-	-
50831	Restricted	-	-
50841	Committed	610,224	482,740
50851	Assigned	-	-
50891	Unassigned	-	-
Total Ending Cash and Investments		610,224	482,740

The accompanying notes are an integral part of this statement.

Grays Harbor County
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		Total for All Funds (Memo Only)	Private-Purpose Trust	Custodial	External Investment Pool Fund
308	Beginning Cash and Investments	96,322,214	3,647,900	33,612,619	59,061,695
388 & 588	Net Adjustments	-	-	-	-
310-390	Additions	346,563,367	5,612,303	289,275,890	51,675,174
510-590	Deductions	335,963,803	2,812,195	287,309,798	45,841,810
	Net Increase (Decrease) in Cash and Investments:	10,599,564	2,800,108	1,966,092	5,833,364
508	Ending Cash and Investments	106,921,783	6,448,009	35,578,716	64,895,058

The accompanying notes are an integral part of this statement.

GRAYS HARBOR COUNTY, WASHINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 1 - Summary of Significant Accounting Policies

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

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

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

A. Fund Accounting

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

GOVERNMENTAL FUND TYPES:

General Fund

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

Special Revenue Funds

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

specified purposes of the government.

Debt Service Funds

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

Capital Projects Funds

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

PROPRIETARY FUND TYPES:

Enterprise Funds

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

Internal Service Funds

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

FIDUCIARY FUND TYPES:

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

Private-Purpose Trust Funds

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

Custodial Funds

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

B. Basis of Accounting and Measurement Focus

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

C. Cash and Investments

See Note 6, *Deposits and Investments*.

D. Capital Assets

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

E. Compensated Absences

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

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

F. Long-Term Debt

See Note 4, *Long-Term Debt*

G. Restricted and Committed Portion of Ending Cash and Investments

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

Restrictions and commitments of Ending Cash and Investments consist of:

Fund	Description	Specific Purpose	Total
001	General Fund	Restricted by grantor for assisting community members in internet adoption and the use of computing devices	\$56,770
001	General Fund	Criminal Justice Treatment Account-Restricted per RCW 71.24.580	16,116
001	General Fund	Restricted per Title III	46,505
001	General Fund	Committed for mental health services and personnel training	342,529
102	Auditor's M&O	Restricted per RCW 36.22.170 and Resolution 89-64, installation, and maintenance of a document management system	548,438
103	Fair Event	Committed for fair operations	197,165
104	Trial Court Improvement	Restricted per RCW 3.58.060 and Ordinance 338	121,107
105	Paths & Trails	Restricted per RCW 47.30	67,726
106	Law Library	Restricted per RCW 27.24.010 & 070	86,612
107	Affordable Housing	Restricted to acquiring, rehabilitating, or constructing affordable housing, facilities providing supportive housing services, and operational and maintenance costs of new units of affordable or supportive housing and per ordinance 447 for the purpose of addressing affordable housing issues	1,526,667
108	Sheriff's Law Enforcement	Restricted for law enforcement purposes	149,929
109	Crime Victim Penalty Assm	Restricted per RCW 7.69	233,367
110	Roads	Restricted per RCW 36.82.010	8,395,631
111	Treasurer's M&O	Restricted per RCW 84.56.020	271,973
112	Stadium/Tourism	Restricted per RCW 67.28 & Ordinance 98-248	6,321,456
113	GH Raceway	Committed for raceway operations	46,850
114	Veteran's Relief	Restricted per RCW 73.08.080	156,868

Fund	Description	Specific Purpose	Total
115	Court Self-Help Center	Restricted by Administrative Office of the Courts (AOC) to establish a self-help center to provide certain services to unrepresented litigants	99,474
116	Election Reserve	Restricted and committed for expenses associated with conducting regular and special state and county elections, including maintenance and equipment replacement	255,066
117	Aberdeen Landfill Postclosure	Committed for post closure care and monitoring of landfill facilities	539,171
118	ORV Park	Committed for ORV Park operations	20,078
128	Federal Equitable Sharing	Restricted for law enforcement purposes	119,647
129	Public Health	Restricted for the administration of Public Health	2,765,274
130	Real Estate Excise Tax Technology	Restricted for development, implementation and maintenance of electronic process and reporting system for the real estate excise tax affidavits	34,209
131	Tax Refund	Restricted for refunding of over levied taxes	14,284
132	Excise/Revaluation M&O	Restricted per RCW 82.45.180(5)(c) and Resolution 2014-14 for maintenance and operation of annual revaluation system for property tax valuation and for the maintenance and operation of a reporting system for real estate excise tax affidavits	79,381
139	Chemical Dep/MH & Therapy/ITA Court	Restricted by RCW 82.14.460, Ordinance 382, and Resolution 2019-086 reserved for chemical dependency, mental health treatment and services for therapeutic court programs	5,921,021
140	Developmental Disabilities	Restricted due to restrictions on grant revenue for mental health, substance abuse and developmental disabilities	859,751
145	Homeless Housing	Restricted for costs related to the homeless housing program and reducing homelessness	2,859,656
175	American Rescue Plan	Coronavirus State and Local Fiscal Recovery Funding	12,613,519
301	Facilities Capital	Committed for the acquisition or construction of general capital assets and improvements	2,177,426
302	Software Replacement	Committed for acquisition of major computer software systems	816,097
303	Fair Building Construction	Committed for acquisition or construction of buildings and improvements at the fairgrounds	133,841
307	Cumulative Reserve for Construction	Committed for costs of construction, alteration, or repair of any county building, road, bridge, or other structure	737,619

Fund	Description	Specific Purpose	Total
309	Capital Improvements	Restricted per RCW 35.43.040	1,801,682
310	Distressed Area Capital	Restricted per RCW 82.14.370	3,601,934
501	Equipment Rental & Revolving	Restricted per RCW 36.33A.010-060 and committed for replacement of equipment rental maintenance facilities, fueling systems and communication sites	3,395,725
503	Central Services	Committed for software development, purchases and support, computer purchases and replacement, and GIS related functions	610,224
504	Management Services	Committed for insurance and risk management, human resources, budget, payroll services, grants, and records management	482,740
		Total Restricted and Committed Ending Cash	\$58,523,528

Note 2 – Budget Compliance

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

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

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

Fund/Dept	Fund/Department Name	Final Appropriated Amounts	Actual Expenditures	Variance
001	<u>General Fund:</u>			
010	Assessor ⁽²⁾	\$1,640,173	\$1,607,017	\$33,156
011	Auditor ⁽²⁾	946,548	770,683	175,865
013	Civil Service	26,031	22,194	3,837
014	Clerk	1,270,703	1,082,625	188,078
015	Commissioners ⁽²⁾	556,336	538,407	17,929
016	Environmental Health	1,026,300	966,975	59,325
017	Coroner	312,727	307,122	5,605
018	Facility Services	1,268,873	1,261,325	7,548
019	Corrections ⁽²⁾	4,683,222	4,335,648	347,574
020	LEOFF 1 Disability Board	10,661	10,525	136
021	Boundary Review Board	8,423	7,591	832
022	WSU Extension & Noxious Weed	558,874	474,199	84,675
023	Therapeutic Courts ⁽²⁾	941,750	858,292	83,458

Fund/Dept	Fund/Department Name	Final Appropriated Amounts	Actual Expenditures	Variance
024	District Court	1,632,117	1,541,799	90,318
025	Emergency Management	1,005,161	410,078	595,083
026	Juvenile	2,346,313	2,216,091	130,222
027	LEOFF 1 Benefits	166,130	103,845	62,285
028	Planning & Building ^{2}	1,474,052	1,404,822	69,230
030	Prosecutor ^{2}	3,369,458	3,173,361	196,097
031	Security	444,294	403,586	40,708
032	Sheriff ^{2}	7,696,280	7,047,591	648,689
033	Superior Court ^{2}	1,255,979	1,245,439	10,540
034	Treasurer	673,434	611,651	61,783
035	Public Defense	1,462,256	1,452,329	9,927
036	Park & Vegetation Management	250,320	104,458	145,862
037	Advanced Expenditure	500,000	342,877	157,123
038	Non-Departmental	5,444,686	5,441,400	3,286
	<i>Total General Fund</i>	<i>\$40,971,101</i>	<i>\$37,741,929</i>	<i>\$3,229,172</i>
	<u>Miscellaneous Funds:</u>			
101	Special Projects	\$201,739	\$201,739	\$0
102	Auditor's M&O	280,916	71,931	208,985
103	Fair Event ^{1}	705,470	689,774	15,696
103	Pavilion & Grounds ^{1}	329,530	309,510	20,020
103	Interim Events ^{1}	161,441	148,507	12,934
103	Recreation & Activities ^{1}	255,409	874	254,535
104	Trial Court Improvement	84,350	26,006	58,344
105	Path & Trails	40,000	0	40,000
106	Law Library	24,234	21,613	2,621
107	Affordable Housing	450,000	278,645	171,355
108	Sheriff's Law Enforcement	100,000	10,999	89,001
109	Crime Victim Penalty Assm	150,672	118,912	31,760
110	Roads	18,127,200	15,262,926	2,864,274
111	Treasurer's M&O	160,649	133,121	27,528
112	Stadium ^{1}	1,622,420	823,249	799,171
112	Tourism ^{1}	1,477,057	1,298,301	178,756
113	GH Raceway	37,778	22,453	15,325
114	Veterans Relief	40,300	9,668	30,632
115	Court Self-Help Center	125,000	25,526	99,474
116	Election Reserve	253,341	101,778	151,563
117	Aberdeen Landfill Postclosure	257,000	181,792	75,208
118	ORV Park	60,131	53,473	6,658

Fund/Dept	Fund/Department Name	Final Appropriated Amounts	Actual Expenditures	Variance
128	Federal Equitable Sharing	110,000	18,470	91,530
129	Public Health	6,975,098	5,227,327	1,747,771
130	Real Estate Excise Tax Technology	96,000	93,796	2,204
132	Excise/Revaluation M&O	108,100	49,858	58,242
135	Emergency Communication Tax	4,680,000	4,211,623	468,377
137	Public Safety Sales Tax	4,400,764	2,190,240	2,210,524
139	Chemical Dependency/MH/Therapy Court {1}	1,533,023	1,293,525	239,498
139	ITA Court {1}	186,000	181,886	4,114
140	Developmental Disabilities {1}	1,048,200	937,515	110,685
140	MH/Dev Disability Services Levy {1}	220,000	220,000	0
145	Homeless Housing	14,748,204	14,025,946	722,258
175	American Rescue Plan	3,312,445	2,318,566	993,879
201	LTGO Refunding Bonds 2012	882,150	867,826	14,324
203	Pavilion Bonds	66,021	65,520	501
206	LOCAL Program Fin-Energy Retrofit	45,752	45,250	502
301	Facilities Capital	2,440,000	607,903	1,832,097
302	Software Replacement Reserve	220,000	74,130	145,870
303	Fair Building Construction	1,400,200	751,107	649,093
307	Cumulative Reserve Construction	493,500	489,812	3,688
309	Capital Improvements	404,085	400,000	4,085
310	Distressed Area Capital	2,716,832	892,265	1,824,567
401	Solid Waste Plan	1,526,667	1,160,772	365,895
402	Hogan's Corner Water System	565,150	306,992	258,158
403	Tax Title Management	2,868,582	2,794,817	73,765
404	Pacific Beach Sewer M&O {1}	1,595,584	1,534,954	60,630
404	Pacific Beach Sewer Bond ULID #7 {1} {2}	600	588	12
404	Pacific Beach Sewer Bond Res ULID #7 {1} {2}	306	205	101
404	Pacific Beach Sewer Bond ULID #8 {1} {2}	12,100	12,007	94
405	Pacific Beach/Moclips Water Sys M&O	1,000,514	792,175	208,339
406	North Beach Water System	271,543	186,853	84,690
407	Illahee Oyehut Sewer System	444,642	146,661	297,981
501	Equipment Rental & Revolving {1} {2}	3,595,421	3,491,779	103,642
501	Equipment Rental & Revolving Replacement {1} {2}	1,154,500	393,682	760,818
501	Maintenance Facility {1}	150,000	93,537	56,463
501	Communications Facility {1}	30,000	14,165	15,835
503	Central Services {1} {2}	1,612,238	1,463,645	148,593
503	Central Services Replacement {1} {2}	55,000	50,340	4,661

Fund/Dept	Fund/Department Name	Final Appropriated Amounts	Actual Expenditures	Variance
504	Management Services	3,323,784	3,173,754	150,030
	Total Miscellaneous Funds	\$89,237,642	\$70,370,286	\$18,867,356
	Total County Funds	\$130,208,743	\$108,112,215	\$22,096,528

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

- ^[1] The Budget does not reflect the consolidation of managerial funds contained in the Financial Statements.
- ^[2] The Budget does not reflect the intra fund transfer eliminations contained in the Financial Statements.

Note 3 - Property Tax

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

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

The County's General Fund levy for the year 2022 was \$1.2617855 per \$1,000 on an assessed valuation of \$9,426,683,722 for a total regular levy of \$11,894,452. There was also a levy for Veteran's Relief of \$0.0081529 per \$1,000 on assessed valuation for a total of \$76,855. The levies for General Fund and Veteran's Relief total \$11,971,307.

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 2022 road levy for the County was \$1.6924552 per \$1,000 on an assessed valuation of \$3,963,231,632 for a total road levy of \$6,707,592.

Note 4 – Long-Term Debt

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the County and summarizes the County's debt transactions for the year ended December 31, 2022.

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

Year	Principal	Interest	Total
2023	\$512,202	\$73,644	\$585,846

Year	Principal	Interest	Total
2024	427,985	67,126	495,111
2025	429,934	62,502	492,436
2026	431,933	57,827	489,760
2027	433,984	53,101	487,085
2028-2032	1,497,588	201,001	1,698,589
2033-2037	780,348	113,189	893,537
2038-2042	340,399	48,976	389,375
2043-2047	241,719	13,682	255,401
Total Debt Service	\$5,096,092	\$691,048	\$5,787,140

Note 5 – Leases

During the year ended 2022, Grays Harbor County drafted guidance for the presentation and disclosure of leases, as required by the BARS manual. This requirement resulted in the addition of a lease liability reported on the Schedule of Liabilities.

The County leases office space from BPK Holdings, Fournier Family Partnership & Stephen L Olsen, Montesano Investments, Pickering Family LLC, and Port of Grays Harbor with lease agreements that range from 20 months to five years and can be terminated with 30 days' notice.

The County leases land from the Department of Natural Resources, Green Diamond Resource Company, and Rayonier Washington Timber Company for communication tower sites with lease agreements that range from 20 years to 40 years.

The County leases vehicles from Enterprise Fleet Management under a five-year lease agreement with rotating end dates.

The County leases office equipment from Aberdeen Office Equipment, Pitney Bowes and Sharp Electronics Corporation with lease agreements that range from three years to five years and can be terminated with 30-to-90-day notice, with penalties.

The total amount paid for leases in 2022 was \$424,722. As of December 31, 2022, the future lease payments are:

Year Ended December 31	Total
2023	\$444,884
2024	\$138,595
2025	\$301,372

Year Ended December 31	Total
2026	\$110,694
2027	\$36,195
2028-2032	\$197,786
2033-2037	\$229,025
2038-2042	\$265,212
Total Leases	\$1,723,763

Note 6 – Interfund Loans

The following table displays interfund loan activity during 2022:

Borrowing Fund	Lending Fund	1/01/22 Balance	New Loans	Payments	12/31/22 Balance
103 - Fair Event	037 - General Fund	\$0	\$100,000	\$100,000	\$0
	Total Interfund Loan	\$0	\$100,000	\$100,000	\$0

Note 7 – Deposits and Investments

Deposits and Investments

Investments are reported at cost. Deposits and investments by type on December 31, 2022:

Type of Deposit or Investment	Grays Harbor County's own deposits and investments	Deposits and Investments held by the county as a custodian for other local governments, individuals, or private organizations.	Total
Bank Deposits	\$12,924,920	\$25,905,059	\$38,829,979
Certificates of Deposit			
Local Government Investment Pool	40,028,688	77,876,730	117,905,418
U.S. Government Securities	11,420,851		11,420,851
Other	4,350,000		4,350,000
Money Market	14,620,000	3,140,000	17,760,000
Total Deposits & Investments	\$83,344,459	\$106,921,789	\$190,266,248

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.

Custodial Credit Risk

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

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

Compensating Balances

Grays Harbor County maintains compensating balances in lieu of payment for banking services. The County established a money market account at Bank of the Pacific for this purpose. At Key Bank, checking account balances provide daily cash liquidity and act as a compensating balance. The average combined balance needed to support services in 2022 was \$25,714,994.

Note 8 - External Investment Pool

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

The investments are managed by the Treasurer, who 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, 2022, to support the value of shares in the Pool.

The External Investment Pool is not registered with the SEC and is not subject to any formal oversight other than that provided by the County Finance Committee. The Committee is responsible for adopting investment objectives and policies, for hiring investment advisors, and for monitoring policy

implementation and investment performance. The Committee's primary role is to oversee the allocation of the Pool's portfolio among the asset classes, investment vehicles, and investment managers.

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

0% of the County Treasurer's Pool consists of these involuntary participants. Voluntary participants in the County Treasurer's Pool include E911, Grays Harbor Transit Authority, all fire protection districts, school and water districts, and local drainage districts. The deposits held for both involuntary and voluntary entities are included in the External Investment Pool as defined by the State of Washington.

The Treasurer does not maintain Individual Investment Accounts.

Note 9 – Other Post-Employment Benefits

Public Employees Benefits Board (PEBB)

The County is a participating employer in the state's Public Employees Benefits Board (PEBB) program, a defined benefit plan administered by the Washington State Health Care Authority. The plan provides medical benefits for public employees and retirees and their dependents on a pay-as-you-go basis. The plan provides OPEB benefits through both explicit and implicit subsidies. The explicit subsidy is a set dollar amount that lowers the monthly premium paid by members over the age of sixty-five enrolled in Medicare Parts A and B. PEBB determines the amount of the explicit subsidy annually. The implicit subsidy results from the inclusion of active and non-Medicare eligible retirees in the same pool when determining premiums. There is an implicit subsidy from active employees since the premiums paid by retirees are lower than they would have been if the retirees were insured separately. As of December 31, 2022, the County had 252 active plan members and 109 retired plan members. The County contributed \$3,361,418 to the plan for the year. The total OPEB liability was \$14,233,430 as calculated using the alternative measurement method.

LEOFF 1 Retiree Medical Plan

The LEOFF I Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by The County as required by RCW 41.26.150. The plan pays for 100% of eligible retirees' healthcare costs on a pay-as-you-go basis. As of December 31, 2022, the plan had twelve members, one active elected official and eleven retirees. The County contributed \$103,845 to the plan for the year. The total OPEB liability was \$5,281,913 as calculated using the alternative measurement method.

Note 10 – Pension Plans

State Sponsored Pension Plans

Substantially all County full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems

(DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans, Public Employees' Retirement System (PERS), Public Safety Employees' Retirement System (PSERS), and Law Enforcement Officers' Retirement System (LEOFF).

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

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

The DRS ACFR may be downloaded from the DRS website at www.drs.wa.gov.

At June 30, 2022, the County's proportionate share of the collective net pension liabilities (assets), was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$907,509	0.148077%	\$4,123,007
PERS 2/3	\$1,340,809	0.166898%	(\$6,189,881)
PSERS 2	\$188,666	0.426459%	(\$304,918)
LEOFF 1	\$0	0.029497%	(\$846,155)
LEOFF 2	\$199,033	0.096137%	(\$2,612,713)

Only the net pension liabilities, PERS 1, are reported on Schedule 09.

LEOFF Plan 1

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

LEOFF Plan 2

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

Defined Contribution Pension Plans

The County employees can choose to enroll in a Deferred Compensation 457b plan administered by Nationwide Retirement Solutions that provides optional retirement savings. Traditional 457b plan (pre-tax) and Designated Roth (after-tax) options are available. The County will match the amount applicable

as negotiated by the differing union contracts and withhold from the employee's paychecks monthly deductions authorized by the employee. Under the current union contract the County agrees to match an employee's pre-taxed deferred compensation contribution up to a maximum of \$50.00 for Courthouse & Public Works contracts and \$65.00 for Teamsters contract each calendar month. The County contributed \$171,990 to the plan for the year ended December 31, 2022.

Note 11 - Joint Ventures & Intergovernmental Agreements

Joint Venture

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

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

Activity for the year ended December 31, 2022:

	Total	County
Revenue	\$448,281	\$282,146
Expenditures	\$920,341	\$575,825

Intergovernmental Agreement

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

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

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

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

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

Revenues and expenditures for 2022 are:

Description	Revenue	Expenditures
CBP Watershed Facilitator	\$20,000	\$0
RCO Lead Entity Grant	113,589	120,167
<i>Total Revenue and Expenditures</i>	<i>\$133,589</i>	<i>\$120,167</i>

Note 12 – Contingencies & Litigation

Miscellaneous Claims

The County is occasionally the defendant in various claims including emotional distress, personal injury, property damage, false arrests, jail complaints, and civil rights violations. In 2022, there were sixteen litigation cases and claims, eight that have been disposed of by settlement or judgment against the plaintiff. The County believes there is a reasonable possibility of an unfavorable outcome as to one of the cases involving claims of over \$50,000.

Civil Real Property Forfeitures

There are two (2) civil cases pending in Superior Court stemming from illegal marijuana grow operations in Grays Harbor County. It is anticipated that these cases will settle, with a possibility of having to pay minimal attorney fees.

Blake Decision

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

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

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

In 2021, the State, through its Office of Public Defense, provided funds to the County for the provision of indigent defense representation in *Blake* motions. In January 2022, the State, through its Administrative Office of the Courts ("AOC") entered into an agreement ("Agreement") with the County. On August 8, 2022, the County signed an amendment that obligates the AOC to reimburse the County for up to one

million one hundred sixty-six thousand five hundred dollars (\$1,166,500) for Extraordinary Expenses and up to six hundred fifty thousand five hundred eighteen dollars (\$650,518) for LFO Reimbursement. In 2022 the County received from AOC \$175,201 in Extraordinary Expenses and \$55,536 in LFO Reimbursement.

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

Note 13 – Risk Management

Grays Harbor County is a participating member of the Washington Counties Risk Pool (WCRP). Chapter 48.62 RCW authorizes the governing body of one or more governmental entities to join together for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services.

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The Pool was formed in August of 1988 when 15 counties in the state of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 31, 2022, 25 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. 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 2022, Grays Harbor County selected a per-occurrence deductible of \$25,000.

Members make an annual contribution to fund the Pool. The Pool acquires excess and reinsurance for further protection from larger losses. For the first \$10,000,000 of coverage, the Pool acquires reinsurance. The reinsurance agreements are written with Self-Insured Retentions ("SIRs") equal to the amount of the layer of coverage below. For the Pool's 2019-20 through 2021-22 Fiscal Years, the Pool's SIR was \$2,000,000 and for the Pool's 2021-22 Fiscal Year, the Pool's SIR was \$3,000,000. 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 joint liability among the participating members. For the 2021-22 Fiscal Year, 16 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 claims for any risk-shared liability. The Pool does not contract with any third-party administrators for claims adjustment or loss prevention services.

During 2021-22, Grays Harbor County was also one of twenty-four (24) counties which participated in the Washington Counties Property Program (WCPP). Property losses are covered under the WCPP to the participating counties' buildings and contents, vehicles, mobile/contractor equipment, EDP and communication equipment, etc. that have been scheduled. The WCPP includes 'All Other Perils ("AOP")' coverage limits of \$500 million per occurrence as well as Flood and Earthquake (catastrophe) coverages with separate occurrence limits, each being \$200 million. There are no AOP annual aggregate limits, but the flood and earthquake coverages include annual aggregate limits of \$200 million each. Each participating county is solely responsible for paying their selected deductible, ranging between \$5,000 and \$50,000. Higher deductibles apply to losses resulting from catastrophe-type losses.

Grays Harbor County also participates in the jointly purchased cyber risk and security coverage from a highly rated commercial insurer. This group-purchased cyber coverage provides limits of \$2,000,000 per claim and \$5,000,000 in the aggregate. For 2022, the Pool's SIR for cyber claims was \$250,000 from January 1 through December 31, with Grays Harbor County having no deductible.

Beginning in the 2021-22 Fiscal Year, Grays Harbor County was one of 22 counties that participated in a group purchased crime policy, which included limits of \$2,000,000 and with a county deductible of \$25,000.

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 more than \$100,000, c) to authorize by two-thirds majority vote commencement of lawsuits in the name of the Pool.

During 2021-22, the WCRP's assets increased to \$57,838,522 while its liabilities also increased to \$35,879,265. The Pool's net position ended at \$22,917,345. 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, 2022, was zero (\$0). As such, there were no known contingent liabilities at that time for disclosure by the member counties.

Note 14 – Landfill Post-Closure Agreement

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

Under the agreement, the Company increased tipping fees to provide funds for closure and post-closure activities. The Company is responsible for all costs associated with the closure of the facility.

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

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

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

Note 15 – Asset Retirement Obligations

Underground Storage Tanks

The County has three waste oil tanks (one 1,100-gallon and two 2,000-gallon tanks) and six underground fuel storage tanks (five 4,000-gallon and one 10,000-gallon tank). Under state law, the County is not required to decommission the tanks at any set date to our knowledge. In 2022 an underground waste oil tank was permanently removed at the Elma location. The County plans to replace the underground tanks with above ground or new underground at remaining sites over the next 12 years. The County will incur estimated costs of \$1,442,418 related to the projects. These liabilities are reported on the Schedule of Liabilities. During 2022 the County paid \$57,582 for the related work.

Wells

The County has sixteen wells, five that have low to moderate potential to be decommissioned over the next 20 years. Per WAC 173-160-381, any well which is unusable, abandoned, or whose use has been

permanently discontinued, or which is in such disrepair that its continued use is impractical or is an environmental, safety or public health hazard shall be decommissioned. The County may incur estimated costs of \$160,000 related to decommissioning. These liabilities are reported on the Schedule of Liabilities. During 2022 the County paid \$0 for the related work.

Note 16 – COVID-19 Pandemic

Public Health

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

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

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

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

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

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

COVID-19 response efforts through the remainder of 2022 have included Grays Harbor County Public Health serving as a vaccination depot supporting local providers. In addition, we have continued to coordinate services contracted through DOH for vaccination clinics. These services have included monthly clinics through Birdseye medical and Aristo through CHOICE network. Efforts have focused on community

vaccinations, homebound vaccinations, and BIPOC communities.

Grays Harbor Public Health continued to provide outbreak investigations for our homebound population as well as our school districts. With a reduction in force for case investigations, these have been limited to our immediately notifiable response requirements.

Community testing is still supported when supplies are available and distributed through community partnerships, ie: Grays Harbor Transit, Timberland Regional Library systems, Coastal Community Action Program.

Grays Harbor County will continue efforts to respond to the COVID-19 Pandemic as long as needed but with a reduction in force resulting in limited capacity and reduced incoming funding streams, COVID-19 work has needed to be prioritized with all other public health strategies. Numerous funding sources have been identified to cover response costs but there continues to be a reduction in sources available. The full extent of the financial impact on the Grays Harbor County budget is unknown at this time.

Courts

The Court leased a building in Satsop during 2021-2023 to keep the jurors safe during jury trials. The courthouse returned to full operation on April 1, 2023. The lease was paid for with state ARPA funding and/or CARES Act funding from the AOC. The backlog of trials brought on by Covid continues to create hurdles for the Courthouse.

Recently the Court was able to fund upgrades in the AV equipment in courtrooms due to the malfunction of a recording device, lack of adequate microphones to record courtroom hearings, and to accommodate remote appearances. While remote court appearances have been challenging, bringing this feature into the Court has proven effective in giving the public/participants access to the courts without exposing or being exposed to Covid. This has become of continuing value and the court will need to continue allowing some people to appear remotely based on continuing potential exposure issues.

Modifications were made to the daily operations of the court multiple times in 2022 to keep the public and employees safe during Covid. The Court must continue to notify employees of possible exposure when another employee or member of the public tests positive and so informs the Court. Further, employees are required to be out of the office for at least 5-10 days when testing positive for covid. Employees do not come into work if they start to have any cold symptoms because the cold could possibly be Covid. This further disables the Courthouse operations.

Note 17 – American Rescue Plan Act

President Joe Biden signed the American Rescue Plan Act (ARP) into law in 2021. The U.S. Treasury allocated \$14,579,719 to Grays Harbor County and will oversee and administer these payments in two tranches, with 50 percent received on June 18, 2021, and 50 percent received June 22, 2022. The funds must be spent by December 31, 2026.

Note 18 – Miscellaneous

The County was awarded a \$250,000 grant from the Administrative Office of the Courts (AOC) for the purpose of establishing and operating a self-help center. This program is expected to provide free legal

help and advice for non-represented parties regarding litigation. All revenue and expenditures related to the start-up and operation will be accounted for in fund 115 Court Self-Help Center.

**Grays Harbor County
Schedule of Liabilities
For the Year Ended December 31, 2022**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	Limited Tax GO Bonds 2012	12/1/2023	855,000	-	855,000	-
251.11	Limited Tax GO Bonds 2016 - FG	12/1/2046	1,223,228	-	36,686	1,186,542
263.81	CERB Loan C2001-141	7/22/2022	38,407	-	38,407	-
263.81	CERB Loan C1999-122PW	7/23/2023	83,117	-	41,147	41,970
263.96	Local Program 0121-3-1	6/1/2023	86,139	-	41,993	44,146
Total General Obligation Debt/Liabilities:			2,285,891	-	1,013,233	1,272,658
Revenue and Other (non G.O.) Debt/Liabilities						
263.82	DWSRF 2009	10/1/2028	965,963	-	137,995	827,968
263.82	SRF Loan 2016	1/1/2039	680,315	-	35,836	644,479
263.88	PWTF Loan 2012	6/1/2031	1,529,977	-	152,998	1,376,979
263.82	DOH/DWSRF 2019	10/1/2038	1,034,883	-	60,875	974,008
263.52	Office Equipment Installment Purchases		67,969	-	24,972	42,997
263.52	Sheriff Vehicles Installment Purchases		619,056	-	189,326	429,730
263.57	Office Space Leases		144,354	423,006	177,669	389,691
263.57	Land Leases		254,702	639,399	32,756	861,345
259.12	Compensated Absences Liability-Govtl		1,742,156	29,599	-	1,771,755
259.12	Compensated Absences Liability-Prop		304,474	19,303	-	323,777
264.30	Pension Liabilities		1,748,563	2,374,444	-	4,123,007
264.40	OPEB Liabilities - PEBB		16,191,925	-	1,958,495	14,233,430
264.40	OPEB Liabilities - LEOFF1		6,335,720	-	1,053,807	5,281,913
263.93	Asset Retirement Obligation - Underground Tanks		1,500,000	-	57,582	1,442,418
263.93	Asset Retirement Obligation - Wells		160,000	-	-	160,000
Total Revenue and Other (non G.O.) Debt/Liabilities:			33,280,057	3,485,751	3,882,311	32,883,497
Total Liabilities:			35,565,948	3,485,751	4,895,544	34,156,155

Grays Harbor County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

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 ST Department of Health)	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	CLH31011	2,365	-	2,365	-	1
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA ST Department of Health)	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	CLH31011	57,809	-	57,809	-	1
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA ST Department of Health)	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	CLH31011	316,366	-	316,366	-	1
Total ALN 10.557:				376,540	-	376,540	-	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA ST Department of Health)	WIC Farmers' Market Nutrition Program (FMNP)	10.572	CLH31011	315	-	315	-	1
Forest Service Schools and Roads Cluster								
FOREST SERVICE, AGRICULTURE, DEPARTMENT OF	Schools and Roads - Grants to States	10.665		-	149,981	149,981	-	1
Total Forest Service Schools and Roads Cluster:				-	149,981	149,981	-	
Community Facilities Loans and Grants Cluster								
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Community Facilities Loans and Grants	10.766		-	1,186,541	1,186,541	-	13
Total Community Facilities Loans and Grants Cluster:				-	1,186,541	1,186,541	-	

The accompanying notes are an integral part of this schedule.

Grays Harbor County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

	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 Department of Commerce)	COVID 19 - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	20-6221C-112	48,609	-	48,609	-	1
	ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Department of Commerce)	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	22-62210-006	127,566	-	127,566	124,566	1
	ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Department of Commerce)	COVID 19 - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	20-6221C-112	270,504	-	270,504	270,504	1
			Total ALN 14.228:		446,679	-	446,679	395,070	
	ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Department of Commerce)	COVID 19 - Emergency Solutions Grant Program	14.231	20-4613C-109	13,799	-	13,799	-	1
	ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Department of Commerce)	COVID 19 - Emergency Solutions Grant Program	14.231	20-4613C-109	766,435	-	766,435	766,435	1
			Total ALN 14.231:		780,234	-	780,234	766,435	

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Grays Harbor County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

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	Continuum of Care Program	14.267	-	-	314	314	-	1
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Continuum of Care Program	14.267	-	-	1,049	1,049	-	1
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Continuum of Care Program	14.267	-	-	2,102	2,102	-	1
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Continuum of Care Program	14.267	-	-	2,827	2,827	-	1
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Continuum of Care Program	14.267	-	-	5,508	5,508	5,508	1
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Continuum of Care Program	14.267	-	-	7,999	7,999	7,999	1
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Continuum of Care Program	14.267	-	-	64,596	64,596	64,596	1

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Grays Harbor County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

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	Continuum of Care Program	14.267		-	118,161	118,161	118,161	1
			Total ALN 14.267:	-	202,556	202,556	196,264	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via Seattle Police Dept)	Missing Children's Assistance	16.543	15PJD-21-GK- 03807-MECP	10,651	-	10,651	-	1
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Bulletproof Vest Partnership Program	16.607		-	366	366	-	1
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Bulletproof Vest Partnership Program	16.607		-	1,901	1,901	-	1
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Bulletproof Vest Partnership Program	16.607		-	2,535	2,535	-	1
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Bulletproof Vest Partnership Program	16.607		-	3,476	3,476	-	1
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Bulletproof Vest Partnership Program	16.607		-	3,888	3,888	-	1
			Total ALN 16.607:	-	12,166	12,166	-	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via WA St Dept of Commerce/City of Aberdeen)	Edward Byrne Memorial Justice Assistance Grant Program	16.738	F-18-31440-001	9,911	-	9,911	-	1

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Grays Harbor County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

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 WA St Dept of Commerce/City of Aberdeen)	Edward Byrne Memorial Justice Assistance Grant Program	16.738	F18-31440-001	15,197	-	15,197	-	1
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via WA St Dept of Commerce/City of Aberdeen)	Edward Byrne Memorial Justice Assistance Grant Program	16.738	F20-31440-201	16,992	-	16,992	-	1
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via WA St Dept of Commerce/City of Aberdeen)	Edward Byrne Memorial Justice Assistance Grant Program	16.738	F20-31440-201	26,055	-	26,055	-	1
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via WA St Dept of Commerce)	Edward Byrne Memorial Justice Assistance Grant Program	16.738	F19-31440-508	91,647	-	91,647	-	1
Total ALN 16.738:				159,802	-	159,802	-	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via WA State Attorney General)	National Sexual Assault Kit Initiative	16.833	2017-AK-BX- 0016/RU-22-13	2,232	-	2,232	-	1
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via Dept of Justice)	Comprehensive Opioid, Stimulant, and other Substances Use Program	16.838	15PBJA-21-GG -04593-COAP	41,390	-	41,390	20,188	1
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via Dept of Justice)	Comprehensive Opioid, Stimulant, and other Substances Use Program	16.838	2017-AR-BX- K003	343,886	-	343,886	266,618	1

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Grays Harbor County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
			Total ALN 16.838:	385,276	-	385,276	286,806	
CRIMINAL DIVISION, JUSTICE, DEPARTMENT OF	Equitable Sharing Program	16.922		-	14,391	14,391	-	1
Highway Planning and Construction Cluster								
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	BROS-2014 (109) LA-10078	8,325	-	8,325	-	1
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	TAP-2014(106) LA-9708	31,468	-	31,468	-	1
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	STAR-A141 (002)	354,913	-	354,913	-	1
Total Highway Planning and Construction Cluster:				394,706	-	394,706	-	
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA Traffic Safety Commission)	Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	2022-HVE-4444 Region 2	3,122	-	3,122	-	1
TREASURY, DEPARTMENT OF THE, TREASURY, DEPARTMENT OF THE	Equitable Sharing	21.016		-	4,078	4,078	-	1

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Grays Harbor County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

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		
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Department of Commerce)	COVID 19 - Emergency Rental Assistance Program	21.023	21-4616C-109	2,738,685	-	2,738,685	2,738,685	1
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Department of Commerce)	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	21-4619C-109	113,796	-	113,796	-	1
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via WA ST Department of Health)	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	CLH31011	366,594	-	366,594	-	1
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	-	-	2,318,566	2,318,566	-	1
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Department of Commerce)	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	21-4619C-109	5,642,479	-	5,642,479	5,642,479	1
Total ALN 21.027:				6,122,869	2,318,566	8,441,435	5,642,479	
ELECTION ASSISTANCE COMMISSION, ELECTION ASSISTANCE COMMISSION (via Office of the Secretary of State)	2018 HAVA Election Security Grants	90.404	IG-6933	2,011	-	2,011	-	1
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA ST Department of Health)	Public Health Emergency Preparedness	93.069	CLH31011	63,374	-	63,374	-	1

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Grays Harbor County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

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 ST Department of Health)	Injury Prevention and Control Research and State and Community Based Programs	93.136	CLH31011	63,784	-	63,784	-	1
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Choice Regional Health Network)	COVID 19 - Immunization Research, Demonstration, Public Information and Education Training and Clinical Skills Improvement Projects	93.185	GHCPH-CDC02 -01*	11,200	-	11,200	-	1
HEALTH RESOURCES AND SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Grays Harbor County Public Hospital District #1)	Telehealth Programs	93.211	GA1RH33507	25,325	-	25,325	-	1
OFFICE OF ASSISTANT SECRETARY FOR HEALTH, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA ST Department of Health)	Family Planning Services	93.217	CLH31011	17,333	-	17,333	-	1
OFFICE OF ASSISTANT SECRETARY FOR HEALTH, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA ST Department of Health)	Family Planning Services	93.217	CLH31011	29,258	-	29,258	-	1
Total ALN 93.217:				46,591	-	46,591	-	

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Grays Harbor County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

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 ST Department of Social & Health Services)	Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	K3920	39,716	-	39,716	-	1
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA ST Department of Health)	Immunization Cooperative Agreements	93.268	CLH31011	7,037	-	7,037	-	1
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA ST Department of Health)	COVID 19 - Immunization Cooperative Agreements	93.268	CLH31011	100,452	-	100,452	-	1
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA ST Department of Health)	COVID 19 - Immunization Cooperative Agreements	93.268	CLH31011	125,858	-	125,858	-	1
Total ALN 93.268:				233,347	-	233,347	-	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA ST Department of Health)	COVID 19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	CLH31011	67,798	-	67,798	-	1

The accompanying notes are an integral part of this schedule.

Grays Harbor County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

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 ST Department of Health)	COVID 19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	CLH31011	81,036	-	81,036	-	1
		Total ALN 93.323:		148,834	-	148,834	-	
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA ST DSHS Div of Child Support)	Child Support Enforcement	93.563	2110-981159	44,459	-	44,459	-	1
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Child Support Enforcement	93.563	2110-81159	198,631	-	198,631	-	1
Medicaid Cluster		Total ALN 93.563:		243,090	-	243,090	-	
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Department of Health and Human Services)	Medical Assistance Program	93.778	K2744	17,044	-	17,044	-	1
		Total Medicaid Cluster:		17,044	-	17,044	-	

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Grays Harbor County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

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 ST Department of Social & Health Services)	Opioid STR	93.788	K3920	1,565	-	1,565	-	1
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA ST Department of Social & Health Services)	Opioid STR	93.788	K3920	66,407	-	66,407	-	1
Total ALN 93.788:				67,972	-	67,972	-	
HEALTH RESOURCES AND SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA ST Dept of Children, Youth and Families)	Maternal, Infant and Early Childhood Home Visiting Grant	93.870	22-1150	101,924	-	101,924	-	1
HEALTH RESOURCES AND SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA ST Dept of Children, Youth and Families)	Maternal, Infant and Early Childhood Home Visiting Grant	93.870	22-1150-02	117,767	-	117,767	-	1
Total ALN 93.870:				219,691	-	219,691	-	

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Grays Harbor County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

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 ST Department of Social & Health Services)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	K3920	124,213	-	124,213	-	1
HEALTH RESOURCES AND SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA ST Department of Health)	Maternal and Child Health Services Block Grant to the States	93.994	CLH31011	87,348	-	87,348	-	1
U.S. COAST GUARD, HOMELAND SECURITY, DEPARTMENT OF (via WA St Parks and Recreation Commission)	Boating Safety Financial Assistance	97.012	3320FAS21053	18,850	-	18,850	-	1
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military Dept)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4650DR-WA Project #682408	3,252	-	3,252	-	1
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA St Military Dept)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4593-DR-WA Project #186670	8,964	-	8,964	-	1
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA St Military Dept)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4650DRWA 682408	13,794	-	13,794	-	1

The accompanying notes are an integral part of this schedule.

Grays Harbor County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

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 WA St Military Dept)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4539-DR-WA Project #149433	21,145	-	21,145	-	1
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA St Military Dept)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4481-DR-WA Project #676913	40,383	-	40,383	-	1
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA St Military Dept)	COVID 19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4481DR-WA 136443	51,801	-	51,801	-	1
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA St Military Dept)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4418-DR-WA Project #91692	62,141	-	62,141	-	1
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA St Military Dept)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4593 DR-WA Project #186667	68,966	-	68,966	-	1
Total ALN 97.036:				270,446	-	270,446	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA St Military Dept)	Emergency Management Performance Grants	97.042	E22-141	40,676	-	40,676	-	1

The accompanying notes are an integral part of this schedule.

Grays Harbor County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

	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 WA St Military Dept)	COVID 19 - Emergency Management Performance Grants	97.042	E22-183	64,205	-	64,205		-	1
			Total ALN 97.042:		104,881	-	104,881		-	
	FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA St Military Dept/Thurston County EM)	Homeland Security Grant Program	97.067	E20-073	777	-	777		-	1
	FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA St Military Dept)	Homeland Security Grant Program	97.067	E21-058	21,395	-	21,395		2,517	1
	FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA St Military Dept)	Homeland Security Grant Program	97.067	E23-115	36,009	-	36,009		-	1
			Total ALN 97.067:		58,181	-	58,181		2,517	
			Total Federal Awards Expended:		13,267,009	3,888,279	17,155,288		10,028,256	

The accompanying notes are an integral part of this schedule.

GRAYS HARBOR COUNTY, WASHINGTON
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Note 1 – Basis of Accounting

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

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

Note 2 – Federal De Minimis Indirect Cost Rate

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

Note 3 – Continuing Compliance Requirements for 10.766

In 2017 the County was approved by the USDA to receive a Community Facilities Loan in the amount of \$1,400,000 to construct a new pavilion roof and HVAC system at the County Fairgrounds. The balance owing at the end of December 31, 2022, is \$1,186,541.

OFFICE OF
COUNTY COMMISSIONERS

JILL WARNE
FIRST DISTRICT
KEVIN PINE
SECOND DISTRICT
VICKIE L. RAINES
THIRD DISTRICT
WENDY CHATHAM
CLERK OF THE BOARD



100 WEST BROADWAY, STE #1
MONTESANO, WA 98563

PHONE (360) 249-3731
FAX (360) 249-3783

CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED UNDER UNIFORM GUIDANCE

Grays Harbor County January 1, 2022 through December 31, 2022

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

Finding ref number: 2022-001	Finding caption: The County did not have adequate internal controls ensuring accurate reporting of the Schedule of Expenditures of Federal Awards.
Name, address, and telephone of county contact person: Melinda Raihl, Chief Deputy Auditor 100 W. Broadway Montesano, WA 98563 (360-964-1559)	
Corrective action the auditee plans to take in response to the finding: <i>To ensure that that all federal programs with outstanding loan balances that require reporting are included on its SEFA, the County's budget office will distribute to each department and elected office the Office of Management and Budget Compliance Supplement ("Supplement"). Thereafter, each year as the Supplement is updated, the County will distribute the updated Supplement.</i>	
Anticipated date to complete the corrective action: 10/15/2023	

Finding ref number: 2022-001	Finding caption: The County's internal controls were inadequate for ensuring compliance with federal suspension and debarment requirements.
Name, address, and telephone of county contact person: Melinda Raihl, Chief Deputy Auditor 100 W. Broadway Montesano, WA 98563 (360-964-1559)	
Corrective action the auditee plans to take in response to the finding: <i>The County will verify that each contractor identified by the State Auditor has not been suspended, debarred, or otherwise excluded, and will review existing Program-funded contracts to ensure required verification. To ensure that the County verifies future Program-funded contracts, the County's budget office will distribute to each department and elected office a copy of the Policy, as well as the Office of Management and Budget Compliance Supplement ("Supplement"). Thereafter, each year as the Supplement is updated, the County will distribute the updated Supplement.</i>	
Anticipated date to complete the corrective action: 10/15/2023	

ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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