



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Pend Oreille County

For the period January 1, 2023 through December 31, 2023

Published September 19, 2024

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

September 19, 2024

Board of Commissioners
Pend Oreille County
Newport, Washington

Report on Financial Statements and Federal Single Audit

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

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

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Pend Oreille County January 1, 2023 through December 31, 2023

SECTION I – SUMMARY OF AUDITOR’S RESULTS

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

Financial Statements

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

Internal Control over Financial Reporting:

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

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

Federal Awards

Internal Control over Major Programs:

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

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

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

Identification of Major Federal Programs

The following program was selected as a major program in our audit of compliance in accordance with the Uniform Guidance.

<u>ALN</u>	<u>Program or Cluster Title</u>
20.205	Highway Planning and Construction

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

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

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

INDEPENDENT AUDITOR'S REPORT

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*

Pend Oreille County January 1, 2023 through December 31, 2023

Board of Commissioners
Pend Oreille County
Newport, 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 Pend Oreille County, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County's financial statements, and have issued our report thereon dated August 29, 2024.

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

REPORT ON COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

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

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

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

Pat McCarthy, State Auditor

Olympia, WA

August 29, 2024

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

Pend Oreille County January 1, 2023 through December 31, 2023

Board of Commissioners
Pend Oreille County
Newport, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the compliance of Pend Oreille 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, 2023. 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, 2023.

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

We noted certain matters related to compliance that we have reported to the management of the County in a separate letter dated September 10, 2024.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

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

Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We noted certain other matters that we have reported to the management of the County in a separate letter dated September 10, 2024.

Purpose of this Report

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

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

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

Pat McCarthy, State Auditor

Olympia, WA

August 29, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Pend Oreille County January 1, 2023 through December 31, 2023

Board of Commissioners
Pend Oreille County
Newport, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of Pend Oreille County, as of and for the year ended December 31, 2023, 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 Pend Oreille County, and its changes in cash and investments, for the year ended December 31, 2023, 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 Pend Oreille County, as of December 31, 2023, 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 4 to the financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the County is unknown. Management's plans in response to this matter are also described in Note 4. Our opinion is not modified with respect to this matter.

As discussed in Note 8 to the financial statements, in 2023, the County adopted new accounting guidance for the presentation and disclosure of Subscription Based Information Technology Arrangements (SBITAs), 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:

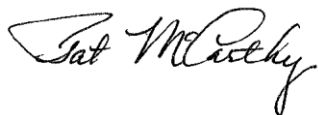
- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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 August 29, 2024 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.



Pat McCarthy, State Auditor

Olympia, WA

August 29, 2024

Pend Oreille County
January 1, 2023 through December 31, 2023

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2023
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2023
Notes to Financial Statements – 2023

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2023
Schedule of Expenditures of Federal Awards – 2023
Notes to the Schedule of Expenditures of Federal Awards – 2023

Pend Oreille County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2023

		Total for All Funds (Memo Only)	001 General	101 Arts & Tourism	102 Counseling
Beginning Cash and Investments					
308	Beginning Cash and Investments	19,380,268	5,867,082	213,893	1,955,489
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	8,308,812	4,609,816	73,553	36,920
320	Licenses and Permits	341,759	341,759	-	-
330	Intergovernmental Revenues	16,828,300	8,026,484	-	3,258,622
340	Charges for Goods and Services	8,136,903	1,564,385	-	23,427
350	Fines and Penalties	115,927	115,939	-	-
360	Miscellaneous Revenues	1,738,352	1,210,582	-	153,590
Total Revenues:		35,470,053	15,868,965	73,553	3,472,559
Expenditures					
510	General Government	8,874,063	6,803,939	-	-
520	Public Safety	5,774,669	4,954,060	-	-
530	Utilities	1,520,054	-	-	-
540	Transportation	7,200,974	-	-	-
550	Natural/Economic Environment	1,605,115	1,302,097	34,262	-
560	Social Services	3,569,885	134,497	-	3,213,949
570	Culture and Recreation	264,626	87,138	-	-
Total Expenditures:		28,809,386	13,281,731	34,262	3,213,949
Excess (Deficiency) Revenues over Expenditures:		6,660,667	2,587,234	39,291	258,610
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	237,149	17,487	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	1,283,223	8,465	-	-
Total Other Increases in Fund Resources:		1,520,372	25,952	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	4,334,870	117,903	-	36,344
591-593, 599	Debt Service	159,380	37,759	-	19,838
597	Transfers-Out	237,149	8,506	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	1,594,831	3,595	-	-
Total Other Decreases in Fund Resources:		6,326,230	167,763	-	56,182
Increase (Decrease) in Cash and Investments:		1,854,809	2,445,423	39,291	202,428
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	8,649,712	32,000	253,184	2,157,917
50841	Committed	10,244,268	5,999,408	-	-
50851	Assigned	2,341,097	2,281,097	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		21,235,077	8,312,505	253,184	2,157,917

The accompanying notes are an integral part of this statement.

Pend Oreille County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2023

		103 Crime Victims	104 Fair	105 Law Library	110 Park
Beginning Cash and Investments					
308	Beginning Cash and Investments	64,260	138,675	6,098	370,854
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	7,466	78,035	-	-
340	Charges for Goods and Services	8,696	61,211	3,273	24
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	73,638	-	6,462
Total Revenues:		<u>16,162</u>	<u>212,884</u>	<u>3,273</u>	<u>6,486</u>
Expenditures					
510	General Government	8,487	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	126,869	1,013	49,604
Total Expenditures:		<u>8,487</u>	<u>126,869</u>	<u>1,013</u>	<u>49,604</u>
Excess (Deficiency) Revenues over Expenditures:		7,675	86,015	2,260	(43,118)
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	-	59,898	-	14,933
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	3,000	-	-
Total Other Decreases in Fund Resources:		-	<u>62,898</u>	-	<u>14,933</u>
Increase (Decrease) in Cash and Investments:		7,675	23,117	2,260	(58,051)
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	71,935	161,792	8,358	-
50841	Committed	-	-	-	312,803
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		71,935	161,792	8,358	312,803

The accompanying notes are an integral part of this statement.

Pend Oreille County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2023

		111 Paths & Trails	112 Road	114 Veteran's Assistance	115 Real Estate & Property Tax Admin
Beginning Cash and Investments					
308	Beginning Cash and Investments	105,056	2,587,576	62,531	166,401
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	2,616,366	25,865	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	8,057	4,433,585	37	6,867
340	Charges for Goods and Services	-	49,184	-	2,605
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	43,036	-	8,160
Total Revenues:		<u>8,057</u>	<u>7,142,171</u>	<u>25,902</u>	<u>17,632</u>
Expenditures					
510	General Government	-	91,806	-	-
520	Public Safety	-	100,000	-	-
530	Utilities	-	-	-	-
540	Transportation	-	5,431,674	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	35,875	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		<u>-</u>	<u>5,623,480</u>	<u>35,875</u>	<u>-</u>
Excess (Deficiency) Revenues over Expenditures:		<u>8,057</u>	<u>1,518,691</u>	<u>(9,973)</u>	<u>17,632</u>
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	100,000	30,000	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	520,559	-	-
Total Other Increases in Fund Resources:		<u>-</u>	<u>620,559</u>	<u>30,000</u>	<u>-</u>
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	2,128,672	-	-
591-593, 599	Debt Service	-	2,437	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	1,088,236	-	-
Total Other Decreases in Fund Resources:		<u>-</u>	<u>3,219,345</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Cash and Investments:		<u>8,057</u>	<u>(1,080,095)</u>	<u>20,027</u>	<u>17,632</u>
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	113,113	1,507,481	82,558	184,033
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		<u>113,113</u>	<u>1,507,481</u>	<u>82,558</u>	<u>184,033</u>

The accompanying notes are an integral part of this statement.

Pend Oreille County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2023

		118 Treasurer's O&M	119 Auditor's O&M	123 Trial Court Improvement	126 Drug Enforcement
Beginning Cash and Investments					
308	Beginning Cash and Investments	80,237	170,748	91,707	1,800
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	30,164	16,858	-
340	Charges for Goods and Services	26,693	10,490	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	-	-	-
Total Revenues:		26,693	40,654	16,858	-
Expenditures					
510	General Government	10,488	59,976	7,416	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		10,488	59,976	7,416	-
Excess (Deficiency) Revenues over Expenditures:		16,205	(19,322)	9,442	-
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	8,506	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	8,506	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	12,083	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	17,487	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		17,487	-	12,083	-
Increase (Decrease) in Cash and Investments:		(1,282)	(19,322)	5,865	-
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	78,955	151,426	97,572	-
50841	Committed	-	-	-	1,800
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		78,955	151,426	97,572	1,800

The accompanying notes are an integral part of this statement.

Pend Oreille County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2023

		127 Emergency 911 communication	128 Extension Education	130 Growth Management	131 Low Income Housing
Beginning Cash and Investments					
308	Beginning Cash and Investments	172,241	7,117	24,989	57,897
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	123,670	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	741,536	-	156,734	-
340	Charges for Goods and Services	-	21	-	22,181
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	370	-	-	-
Total Revenues:		<u>865,576</u>	<u>21</u>	<u>156,734</u>	<u>22,181</u>
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	720,609	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	168,461	-
560	Social Services	-	-	-	25,010
570	Culture and Recreation	-	2	-	-
Total Expenditures:		<u>720,609</u>	<u>2</u>	<u>168,461</u>	<u>25,010</u>
Excess (Deficiency) Revenues over Expenditures:		<u>144,967</u>	<u>19</u>	<u>(11,727)</u>	<u>(2,829)</u>
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:		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Decreases in Fund Resources					
594-595	Capital Expenditures	138,122	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		<u>138,122</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Cash and Investments:		6,845	19	(11,727)	(2,829)
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	119,086	-	13,262	55,068
50841	Committed	-	7,136	-	-
50851	Assigned	60,000	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		179,086	7,136	13,262	55,068

The accompanying notes are an integral part of this statement.

Pend Oreille County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2023

		132 Homeless Program	133 Affordable & Supportive Housing	134 Public Facilities	135 Mental Health Tax
Beginning Cash and Investments					
308	Beginning Cash and Investments	363,415	72,202	479,295	399,015
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	26,111	241,578	264,669
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	127,844	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	-	-	-
Total Revenues:		127,844	26,111	241,578	264,669
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	78,168	22,127
560	Social Services	160,554	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		160,554	-	78,168	22,127
Excess (Deficiency) Revenues over Expenditures:		(32,710)	26,111	163,410	242,542
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	-	-	3,000	-
Total Other Increases in Fund Resources:		-	-	3,000	-
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:		(32,710)	26,111	166,410	242,542
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	330,705	98,313	645,705	641,557
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		330,705	98,313	645,705	641,557

The accompanying notes are an integral part of this statement.

Pend Oreille County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2023

		136 Opioid Settlement	141 Election Security Fund	145 American Rescue Plan Act	301 Capital Projects
Beginning Cash and Investments					
308	Beginning Cash and Investments	-	59,289	1,493,290	646,837
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	290,264
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	62,184	25	-	-
Total Revenues:		62,184	25	-	290,264
Expenditures					
510	General Government	-	1,496	200,272	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	1,496	200,272	-
Excess (Deficiency) Revenues over Expenditures:		62,184	(1,471)	(200,272)	290,264
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	-	-	143,552	220,749
591-593, 599	Debt Service	-	-	10,128	-
597	Transfers-Out	-	-	30,000	100,000
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	-	183,680	320,749
Increase (Decrease) in Cash and Investments:		62,184	(1,471)	(383,952)	(30,485)
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	62,184	57,818	1,109,338	616,352
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		62,184	57,818	1,109,338	616,352

The accompanying notes are an integral part of this statement.

Pend Oreille County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2023

		463 Solid Waste	501 Risk Management	502 ER&R	504 Unemployment
Beginning Cash and Investments					
308	Beginning Cash and Investments	413,757	527,514	2,132,129	217,770
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	63,855	-	-	-
340	Charges for Goods and Services	1,661,204	779,767	2,698,485	8,125
350	Fines and Penalties	(12)	-	-	-
360	Miscellaneous Revenues	73,982	16,360	88,091	-
Total Revenues:		<u>1,799,029</u>	<u>796,127</u>	<u>2,786,576</u>	<u>8,125</u>
Expenditures					
510	General Government	-	842,596	-	4,694
520	Public Safety	-	-	-	-
530	Utilities	1,520,054	-	-	-
540	Transportation	-	-	1,769,300	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		<u>1,520,054</u>	<u>842,596</u>	<u>1,769,300</u>	<u>4,694</u>
Excess (Deficiency) Revenues over Expenditures:		278,975	(46,469)	1,017,276	3,431
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	81,156	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	114,358	636,841	-
Total Other Increases in Fund Resources:		-	<u>195,514</u>	<u>636,841</u>	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	8,000	-	1,422,217	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	81,156	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	500,000	-
Total Other Decreases in Fund Resources:		<u>8,000</u>	-	<u>2,003,373</u>	-
Increase (Decrease) in Cash and Investments:		<u>270,975</u>	<u>149,045</u>	<u>(349,256)</u>	<u>3,431</u>
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	-
50841	Committed	684,732	676,559	1,782,873	221,201
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		<u>684,732</u>	<u>676,559</u>	<u>1,782,873</u>	<u>221,201</u>

The accompanying notes are an integral part of this statement.

Pend Oreille County
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2023

		<u>505 Information Technology</u>
Beginning Cash and Investments		
308	Beginning Cash and Investments	431,104
388 / 588	Net Adjustments	-
Revenues		
310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	-
340	Charges for Goods and Services	1,089,288
350	Fines and Penalties	-
360	Miscellaneous Revenues	1,872
	Total Revenues:	<u>1,091,160</u>
Expenditures		
510	General Government	842,893
520	Public Safety	-
530	Utilities	-
540	Transportation	-
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
	Total Expenditures:	<u>842,893</u>
	Excess (Deficiency) Revenues over Expenditures:	<u>248,267</u>
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:	<u>-</u>
Other Decreases in Fund Resources		
594-595	Capital Expenditures	32,397
591-593, 599	Debt Service	89,218
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	-
	Total Other Decreases in Fund Resources:	<u>121,615</u>
	Increase (Decrease) in Cash and Investments:	<u>126,652</u>
Ending Cash and Investments		
50821	Nonspendable	-
50831	Restricted	-
50841	Committed	557,756
50851	Assigned	-
50891	Unassigned	-
	Total Ending Cash and Investments	<u>557,756</u>

The accompanying notes are an integral part of this statement.

Pend Oreille County
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2023

		Total for All Funds (Memo Only)	Investment Trust	Custodial
308	Beginning Cash and Investments	23,536,958	19,752,088	3,784,870
388 & 588	Net Adjustments	-	-	-
310-390	Additions	60,157,361	10,626,698	49,530,663
510-590	Deductions	57,413,574	7,783,895	49,629,679
	Net Increase (Decrease) in Cash and Investments:	2,743,787	2,842,803	(99,016)
508	Ending Cash and Investments	26,280,745	22,594,891	3,685,854

The accompanying notes are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Pend Oreille County was incorporated on March 1, 1911 and operates under the laws of the state of Washington applicable to a county. The county is a general purpose local government and provides public safety, road maintenance and improvement, judicial administration, health and social services and general administrative services.

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

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements. (see *Note 3- Component Unit(s), Joint Ventures, and Related Parties*).
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances for proprietary and fiduciary funds are presented using classifications that are different from the ending net position classifications in GAAP.

A. Fund Accounting

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

GOVERNMENTAL FUND TYPES:

General Fund (001)

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

Special Revenue Funds (100-199)

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

Capital Projects Funds (300-399)

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

PROPRIETARY FUND TYPES:

Enterprise Funds (400-499)

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

Internal Service Funds (500-599)

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

FIDUCIARY FUND TYPES:

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

Investment Trust Funds (600-609)

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

Private Purpose Trust Funds (621-630)

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

Custodial Funds (631-699)

These funds are used to account assets that county 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 10, Deposits and Investment

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$2,000 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 30 days unless specified by a bargaining unit contract and is payable upon resignation, retirement, or death.

Sick leave may be accumulated indefinitely for benefited employees, unless specified by a bargaining unit contract. Employee's not eligible for benefits may accumulate sick leave up to the WA state law amount allowed. Upon separation, employees do not receive payment for unused sick leave. Upon retirement or

death, employees do receive payment for 1/3 of unused sick leave with a cap of 50 days, unless specified by a bargaining unit contract. Payments are recognized as expenditures when paid.

F. Long Term Debt

See Note 5, *Long-Term Debt*.

G. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by Pend Oreille County Commissioner Resolution, State RCW or by Grant restrictions. 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:

- a) General Fund (001-000-180) - The Cash flow reserve was established in 2008 (Resolution 2008-66) to ensure adequate cash flow throughout the year. The committed cash flow reserve was increased to \$1,600,00 by Resolution 2023-18 in 2023. In addition, Noxious Weed, a department within Current expense (001-000-475), must restrict the difference in income and expenditures in its federally funded grant programs (2023-\$32,000 ending), if there is any carryover. In addition, with the new classification for restricted and committed and the fact that the timber and election fund rollup into Current Expense for reporting purposes, the ending fund balances of those two accounts (\$155,265 and \$93,875 respectively) plus the petty cash (\$8,025) are all committed by resolution for a specific purpose. The LATCF funds received in 2022 and 2023 have been committed by Resolution 2023-17 to be used as a future enterprise reserve fund. Those resolutions and the committed and restricted amounts are detailed in the following chart (b).

- b) Restricted and Committed portion of Ending Cash and Investments consist of the following:

FUND	Beginning Reserve	Ending Reserve	Nature of Restriction
001 Current Expense	3,706,375	6,031,408	Resolution 2008-66, 2023-18 and Federal Grants, Res. 2021-124; Res 2023-17
101 Arts & Tourism	213,893	253,184	RCW 67.28.180
102 Counseling	1,955,488	2,157,717	RCW 71.24.015 (7) & RCW 71.20.110 & State & Federal Grants
103 Crime Victims	64,260	71,935	RCW 7.68.035
104 Fair	138,675	161,792	RCW 15.76.115
105 Law Library	6,098	8,358	RCW27.24.070

			&RCW 27.24.030
110 Park	370,854	312,803	Resolution 2008-59 and Resolution 98-82
111 Paths & Trails	105,056	113,113	RCW 47.30
112 Road	2,587,576	1,507,481	RCW 36.82.010 & RCW 82.36.025 & State & Federal Grants
114 Veteran's Assistance	62,531	82,558	RCW 73.08.010
115 Real Estate & Prop Tax Admin	166,401	184,033	RCW 82.45.180 (5a,b,c)
118 Treasurer's O&M	80,237	78,955	RCW 84.56.020
119 Auditor's O&M	170,748	151,426	RCW 36.22.170 & RCW 36.22.175
123 Trial Court Improvement	91,707	97,572	RCW 3.58.060
126 Drug Enforcement	1,800	1,800	RCW 69.50.505
127 Emergency 911	112,241	119,086	RCW 82.14B.030
128 Extension Education	7,117	7,136	Resolution 98-19
130 Growth Management	24,989	13,262	RCW 36.70.010
131 Low Income Housing	57,897	55,068	RCW 36.22.178
132 Homeless Program	363,415	330,705	RCW 36.22.179
133 Affordable & Supportive Housing	72,202	98,313	RCW 82.14.540 & Resolution 2019-32 & Ordinance 2019-02
134 Public Facilities	479,295	645,705	RCW 82.14.370
135 Mental Health Tax Fund	399,015	641,557	RCW 82.14.460
136 Opioid Funds	0	62,184	WA ST Opioid and Overdose Response Plan
140 Election CARES	0	0	Federal/State Grant
141 Election Security	59,289	57,818	Federal/State Grant

145 American Rescue Plan Act	1,493,290	1,109,338	Federal Direct Grant
301 Capital Projects	646,837	616,352	RCW 82.46.040
463 Solid Waste	413,757	684,732	Resolution 2002-81
501 Risk Mgmt	527,514	676,559	Resolution 2006-51
502 ER&R	2,132,129	1,782,873	Resolution 77-111
504 Unemployment	217,770	221,201	Resolution 1978-2
505 IT Fund	431,104	557,756	Resolution 2006-52

NOTE 2 – BUDGET COMPLIANCE

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

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 follow:

<i>Fund/Department</i>	<i>Appropriated Amounts</i>	<i>Supplemental Appropriation</i>	<i>Actual Expenditures</i>	<i>Variance</i>
GENERAL FUND				
001-000-000	\$ 1,893,286	\$ 100,000	\$ 1,956,998	\$ 36,288
001-000-060	\$ 434,340		\$ 378,588	\$ 55,752
001-000-090	\$ 572,386	\$ 25,000	\$ 579,100	\$ 18,286
001-000-100	\$ 3,575	\$ 2,500	\$ 5,542	\$ 533
001-000-120	\$ 20,220	\$ 1,500	\$ 20,895	\$ 825
001-000-150	\$ 432,346		\$ 409,446	\$ 22,900
001-000-180	\$ 392,594		\$ 382,912	\$ 9,682
001-000-190		\$ 15,750	\$ 15,748	\$ 2
001-000-200	\$ 45,150		\$ 16,692	\$ 28,458
001-000-210	\$ 561,365		\$ 493,093	\$ 68,272
001-000-240	\$ 716,351		\$ 672,348	\$ 44,003
001-000-285	\$ 175,447		\$ 155,570	\$ 19,877
001-000-300	\$ 344,765		\$ 337,022	\$ 7,743
001-000-330	\$ 426,886		\$ 382,174	\$ 44,712
001-000-350	\$ 109,249		\$ 87,139	\$ 22,110
001-000-380	\$ 40,765		\$ 40,765	\$ 0
001-000-390	\$ 123,620		\$ 49,848	\$ 73,772
001-000-420	\$ 1,381,658		\$ 1,057,294	\$ 324,364
001-000-450	\$ 233,249	\$ 2,000	\$ 232,143	\$ 3,106
001-000-455	\$ 10,550		\$ 7,604	\$ 2,946
001-000-475	\$ 751,537		\$ 685,403	\$ 66,134
001-000-480	\$ 208,696		\$ 179,052	\$ 29,644
001-000-510	\$ 689,354		\$ 623,409	\$ 65,945
001-000-520	\$ 141,857	\$ 5,000	\$ 141,057	\$ 5,800
001-000-540	\$ 1,118,750		\$ 1,041,812	\$ 76,938

001-000-600	\$ 2,826,045		\$ 2,705,168	\$ 120,877
001-000-660	\$ 495,843		\$ 408,844	\$ 86,999
001-000-690	\$ 378,903		\$ 301,355	\$ 77,548
116-000-000	\$ 59,291		\$ 2,551	\$ 56,740
121-000-000	\$ 80,000		\$ 79,922	\$ 78
Total General Fund	\$ 14,668,078	\$ 151,750	\$ 13,449,494	\$ 1,370,334
101-000-000	\$ 36,000		\$ 34,262	\$ 1,738
102-000-000	\$ 3,789,161		\$ 3,270,131	\$ 519,030
519,030103-000-000	\$ 8,899		\$ 8,487	\$ 412
104-000-000	\$ 213,485		\$ 189,767	\$ 23,718
105-000-000	\$ 3,500		\$ 1,013	\$ 2,487
110-000-000	\$ 240,653		\$ 64,537	\$ 176,116
111-000-000	\$ 0		\$ 0	\$ 0
112-000-000	\$ 11,188,749		\$ 8,842,825	\$ 2,345,924
112-000-010	Rolled up to 112		\$	\$
114-000-000	\$ 25,000	\$ 30,000	\$ 35,875	\$ 19,125
115-000-000	\$ 0		\$ 0	\$ 0
116-000-000	rolled up to General		\$	\$
118-000-000	\$ 28,000		\$ 27,975	\$ 25
119-000-000	\$ 103,000		\$ 59,976	\$ 43,024
123-000-000	\$ 45,000		\$ 19,499	\$ 25,501
126-000-000	\$ 0		\$ 0	\$ 0
127-000-000	\$ 702,683	\$ 180,000	\$ 858,731	\$ 23,952
128-000-000	\$ 0	\$ 5	\$ 2	\$ 3
130-000-000	\$ 151,000	\$ 18,000	\$ 168,461	\$ 539
131-000-000	\$ 25,000	\$ 20	\$ 25,010	\$ 10
132-000-000	\$ 180,000		\$ 160,554	\$ 19,446
133-000-000	\$ 0		\$ 0	\$ 0
134-000-000	\$ 120,000		\$ 78,168	\$ 41,832
135-000-000	\$ 21,089	\$ 1,100	\$ 22,127	\$ 62
136-000-000	\$ 0		\$ 0	\$ 0
141-000-000	\$ 59,277		\$ 1,496	\$ 57,781
145-000-000	\$ 0	\$ 380,000	\$ 383,952	\$ -3,952
301-000-040	\$ 387,500		\$ 320,749	\$ 66,751
463-000-000	\$ 1,377,839	\$ 200,000	\$ 1,528,054	\$ 49,785
501-000-000	\$ 761,617	\$ 100,000	\$ 842,596	\$ 19,021
502-000-000	\$ 2,862,838	\$ 920,000	\$ 3,772,673	\$ 10,165
504-000-000	\$ 12,000		\$ 4,693	\$ 7,307
505-000-000	\$ 1,129,325		\$ 964,508	\$ 164,817

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 legislative body.

NOTE 3 – JOINT VENTURES, COMPONENT UNIT(s) and RELATED PARTIES

Pend Oreille County has financial responsibility in the following listed separate organizations:

Northeast Tri-county Health District was formed February 1977 with a resolution making the action retroactive to January 1, 1977. The formation was a mutual agreement between cities, towns, and counties of northeast Washington State under RCW 70.46, to provide public health services in Ferry, Pend Oreille, and Stevens Counties and twelve (12) incorporated communities within the Counties. The governing board is made up of 9 members from the Counties and incorporated communities that the district serves.

The governing board of the NETCHD approved an annual budget and the necessary income payment needed from all participants. The 2023 NETCHD operating budget was \$4,040,600. NETCHD budgeted operating income of \$3,398,384 using \$642,216 of fund balance to total \$4,040,600 in 2023. Of the total operating income, \$117,805 was paid by Pend Oreille County in 2023. The NETCHD is audited by the Washington State Auditor and audit reports can be found at www.sao.wa.gov.

Martin Hall consortium (MHJFB) was formed in Fall of 1995, by nine Eastern Washington counties (Adams, Asotin, Douglas, Ferry, Lincoln, Pend Oreille, Spokane, Stevens and Whitman). In April 1996 Martin Hall was leased from the state for 50 years with an option for 50 more. Martin Hall is located in Medical Lake, Washington. The goal was to develop an efficient and cost-effective regional detention facility to house juvenile offenders in a safe, secure and humane setting. The governing board is made up of 1 representative from each participating county, legal counsel, T.A.C. Committee, Facility administrator and ESD 101/Principal.

The governing board of Martin Hall approved an annual budget along with the necessary income payment amounts needed from all participants. The 2023 Martin Hall operating budget was \$2,359,233 with \$2,314,100 budgeted for operating income. Pend Oreille County paid \$137,150 in 2023 towards Martin Hall 2023 operating revenue. Martin Hall Juvenile Detention Facility is audited by the Washington State Auditor and audit reports can be found at www.sao.wa.gov.

Tri-County Judicial District, established in 1981 under Chapter 65, Section 2, Laws of Washington, established Ferry County, Stevens County and Pend Oreille County as a joint judicial district. The Judicial district is served by three Superior Court judges elected to 4-year terms. The Tri-County Judicial District is governed by the Board of County Commissioners from each county for a total of 9 members. Stevens County pays the salaries of the Superior Court judges and certain staff. Pend Oreille and Ferry County are billed their share of costs, less credit given for any Judicial district costs they pay directly, based on prior year property valuation.

The Tri-County Judicial budgeted expenditures for 2023 were \$1,125,512. The valuation split of costs was Ferry County-9.7%, Pend Oreille County 23.8% and Stevens County 66.5%. Pend Oreille County 2023 expenditure portion of the judicial district was \$180,586 with credit of (\$142,382) for IT/phone charges, 20% of District Court judge salary for time on superior court duties and Juvenile employee costs. Pend Oreille county paid to Stevens county, \$141,885 in 2023 with Tri-County judicial via Stevens county reimbursing Pend Oreille County for the credit due of \$106,788. (due to change in how Pend Oreille County is given the credit through payment in 2023 the 4th quarter payments were not paid until 1/2024) Stevens county administers the Tri-County Judicial District Budget and their audit reports can be found at www.sao.wa.gov.

NOTE 4 – COVID-19 PANDEMIC

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

In 2021, with many public entities closed to the public, Pend Oreille County remained open and continued to serve it's citizens.

Pend Oreille County continues to prioritize plans for the remainder of un-obligated Federal ARPA funds to assist and maintain the equity of the county and its citizens.

NOTE 5 – LONG-TERM DEBT

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the county and summarizes the county debt transactions for year ended December 31, 2023.

The debt service requirements for general obligation bonds, revenue bonds and other debts are as follows:

YEAR	PRINCIPAL	INTEREST	TOTAL
2024	\$ 23,162	\$ 8,850	\$ 32,012
2025	\$ 24,320	\$ 7,663	\$ 31,983
2026	\$ 25,536	\$ 6,417	\$ 31,953
2027	\$ 26,813	\$ 5,108	\$ 31,921
2028-2030	\$ 88,753	\$ 6,801	\$ 95,554
TOTALS	\$ 188,584	\$ 34,839	\$ 223,423

Assets Pledged as Collateral for Debt

The following debt is secured by assets that are pledged as collateral:

Debt	Asset
2020 G.O. Bond Microwave System	Microwave System Equipment

The 2020 G.O. Bond for Microwave System Equipment was applied for, approved and funded to the LOCAL program in 2020 but Pend Oreille County did not receive the funds until 2021.

Significant Debt Agreement Terms

The following financial instruments contain debt agreement terms with finance related consequences:

Debt	Clause
2020 G.O. Bond Microwave System	If the borrower defaults on payments after 60 days, the lender may take whatever action necessary to collect the Agency Installment Payments then due and thereafter becoming due.

NOTE 6- EXTERNAL INVESTMENT POOL

The External Investment Pool sponsored by the County was established in 1992. 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 resources of municipal corporations which are not required for immediate expenditure and are in the custody or control of the county treasurer. The External Investment Pool’s investments are invested pursuant to the Revised Code of Washington. Any credits or payments to pool participants are calculated and made in a manner as required by RCW 36.29.024.

The investments are managed by the Treasurer, which reports investment activity to the County Finance Committee on a quarterly basis. Additionally, the County treasurer investment activity is subject to an annual investment policy review, compliance oversight, quarterly financial review, and annual financial reporting. The County has not provided nor obtained any legally binding guarantees during the year ended December 31, 2023, 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, in accordance with RCW 36.48.070 and the Pend Oreille county Investment Policy. The Committee is responsible for adopting investment objectives and policies, for hiring

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

The interest or other earnings of income from the funds of any municipal corporation of which the governing body has not taken any action pertaining to the investment of funds and that have been invested in accordance with state statutes, shall be deposited in the current expense fund of the county and may be used for general county purposes. The total amount of income from the External Investment Pool assigned to the County’s general fund for the year was \$12,440.55. 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.

63% of the County Treasurer’s Pool consists of these involuntary participants. Voluntary participants in the County Treasurer’s Pool include Counseling Services, Fair, Park, Risk Management, Road, REET, ER&R and County General fund. The deposits held for both involuntary and voluntary entities are included in the External Investment Pool - Custodial Fund.

NOTE 7 – LEASES

During the year ended 2022, the county adopted 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 a building for use as the Cusick Sheriff Substation from Rosevro Property Acquisitions LLC for \$1 per year under a 5-year lease agreement. The lease agreement began on 1/1/2019 and ends 12/31/2023.

The County leases land on Abercrombie peak from the US Dept of Agriculture/Forest Service for communication equipment. It is a 20-year lease agreement at no cost. The lease agreement signed on 7/21/2014 and ends 12/31/2034.

The County leases land on Calispel Peak from Stimson Lumber Co. for communication equipment for \$1000 per year. The original term on the agreement began 10/27/1997 and ran to 10/26/2000 with 1-year automatic extensions, but a new lease was put in place on 11/1/2023 for 1 year with 1-year automatic extensions. Due to this change this lease is not reportable going forward.

The County leases a postage meter from Quadient Leasing USA, Inc under a 5-year lease agreement that began 2/14/2020 and ends 2/13/2025 for a total lease cost of \$9,101.

The amount paid for leases in 2023 was \$1,820 As of December 31, 2023, the future lease payments are as follows:

YEAR ENDED DECEMBER 31	TOTAL
2024	\$1,820
2025	\$1,208
2026	0
TOTAL	\$3,029

NOTE 8 – SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

During the year ended 12/31/2023, the county adopted guidance for the presentation of Subscription Based Information Technology Arrangements (SBITA), as required by the BARS manual. This requirement resulted in the

addition of a subscription liability reported on the Schedule of Liabilities.

A listing of the SBITA contracts with general description data of the contract

SBITA	Use type	Rate Period	2023 Amount Pd	Contract start date	Contract Term	Cancellation
Qualifacts Carelogic	Health	Monthly	\$19,838.26	12/1/2021	5 years	Either party in advance of initial term-automatically thereafter
ESRI	GIS	Annual	\$27,500.00	9/24/2021	3 years	Upon expiration
Pluralsight	IT	Annual	\$3,495.00	3/14/2022	3 years	End date or Auto renewal with new rates annually thereafter
LexisNexis	Legal	Annual	\$3,898.80	9/1/2021	3 years	Within 10-90 day of written notice
Trebron Sophos XDR	IT	Annual	\$31,293.33	2/5/2022	60 months	Upon agreement end
Trebron Sophos 4500	IT	Annual	\$16,530.00	2/5/2022	62 months	Upon agreement end
Dark Trace	IT	Annual	\$10,400.00	9/16/2022	60 months	Upon anniversary
Motorola-body camera software	Sheriff	Annual	\$10,128.00	3/14/2023	5 years	Upon agreement end

The total amount paid for SBITAs in 2023 was \$123,083. As of December 31, 2023, the future SBITA payments are as follows:

Year ended December 31	Total
2024	\$122,478
2025	\$41,779
2026	\$40,631
2027	\$10,128
2028	\$0
2029-2033	\$0
2034-2038	\$0

NOTE 9 – INTERFUND LOANS

The following table displays interfund loan activity during 2023.

Borrowing Fund	Lending Fund	Balance 1/1/2023	New Loans	Repayments	Balance 12/31/2023
Fair	Public Facilities	\$ 6,000	\$ 0	\$ 3,000	\$ 3,000
Road	ER&R	\$ 0	\$500,000	\$500,000	\$ 0

NOTE 10 – DEPOSITS & INVESTMENTS

Investments are reported at original cost. Deposits and investments by type at December 31, 2023 are as follows:

Type of deposit or investment	<u>County own</u> deposits and investments	Deposits and investments held by the County as custodian for other local governments, individuals, or private organizations	Total
Bank deposits	\$ 1,850,958	\$ 6,546	\$ 1,857,504
Local Government Investment Pool	\$ 12,594,388	\$ 26,266,931	\$ 38,861,319
Money Market Accounts	\$ 6,789,731	\$ 7,268	\$ 6,796,999
Total	\$ 21,235,077	\$ 26,280,745	\$ 47,515,822

It is the county’s policy to invest all temporary cash surpluses. The interest on these investments is posted to the current expense fund.

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.

Investments in County Investment Pool (LGIP)

Pend Oreille County Junior Taxing Districts are involuntary participants in the county investment pool (LGIP), an external investment pool operated by the County Treasurer. The pool is not rated or registered with the SEC. Rather, oversight is provided by the County Finance Committee in accordance with RCW 36.48.070 and the Pend Oreille County Investment Policy. Pend Oreille County reports its investment in the pool at fair value, which is the

same as the value of the pool per share. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the county would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. 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.

Other Disclosures

The amounts reported as net cash and investments also include a compensating balance maintained with the bank in lieu of payments for services rendered. The average compensating balance maintained during 2023 was approximately \$3,514,267.19.

All deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission. All investments are insured, registered or held by the county or its agent in the government's name.

NOTE 11-OTHER POST EMPLOYMENT BENEFITS (OPEB PLANS)

Beginning January 1, 2022, Pend Oreille County became a participating employer in the state's Public Employees Benefits Board (PEBB) Program, a defined benefit plan administered by the Washington State Health Care Authority. The plan provides medical, dental, and life insurance benefits for public employees and retirees and their dependents on a pay-as-you-go basis. The plan provides OPEB benefits through both explicit and implicit subsidies. The explicit subsidy is a set dollar amount that lowers the monthly premium paid by members over the age of 65 enrolled in Medicare Parts A and B. PEBB determines the amount of the explicit subsidy annually. The implicit subsidy results from the inclusion of active and non-Medicare eligible retirees in the same pool when determining premiums. There is an implicit subsidy from active employees since the premiums paid by retirees are lower than they would have been if the retirees were insured separately. The county had no retiree's on the PEBB plan either the first year of participation or in 2023, due to the fact that the WCIF allowed our prior participating retiree's to stay with WCIF. The County had 117 active plan members and 0 retired plan members as of December 31, 2023. As of December 31, 2023, the County's total OPEB liability was \$2,673,619 as calculated using the alternative measurement method. The county contributed \$1,128,707 to the plan for the year ended December 31, 2023.

The LEOFF 1 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. The county pays medical insurance premiums for the eligible LEOFF 1 member. Uncovered medical costs are reviewed by the LEOFF board, which is comprised of 5 members, representing Law enforcement, Fire protection services, County Commissioner, City Legislator and a Member at large(citizen). As of December 31, 2023, the plan had 1 member, a retiree. The amount of the OPEB liability as of the reporting date is \$596,774 which was figured using the Office of the Washington State Actuary tool. For the year ended December 31, 2023, the county paid \$7,604 on premiums and other medical costs for the LEOFF 1 member.

NOTE 12 - PENSION PLANS

A. State Sponsored Pension Plans

Substantially all county full-time and qualifying part-time employees participate in the following statewide retirement system 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 1,2,3); Public Safety Employees’ Retirement System (PSERS) and Law Enforcement Officers’ and Fire fighters’ 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, 2023 (the measurement date of the plans), the County’s proportionate share of the collective net pension liabilities (assets), was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$356,030	.0522470%	\$ 1,192,659
PERS 2/3	\$538,193	.0612130%	(\$2,508,927)
PSERS 2	\$ 42,625	.0846560%	(\$ 89,768)
LEOFF 1	0	.0020590%	(\$ 61,112)
LEOFF 2	\$ 61,223	.0271240%	(\$ 650,596)

Only the net pension liabilities 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.

NOTE 13 - PROPERTY TAX

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

Property Tax Calendar	
January 1	Tax is levied and becomes an enforceable lien against the properties
February 14	Tax bills are mailed
April 30	first of two equal installment payments are due
May 31	Assessed value of property established for next year's levy at 100 percent of market value
October 31	Second installment is due

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

Pend Oreille County’s regular levy for the year 2023 was \$1.1460003859 per \$1000 on an assessed valuation of \$2,127,020,277 for a total regular levy of \$2,437,566.06. There was no levy shift from Road to Current Expense.

The County is also authorized to levy \$2.25 per \$1,000 of assessed valuation in unincorporated areas for road construction and maintenance. This levy is subject to the same limitations as the levy for general government services. The county's road levy rate for 2023 was \$1.2761601690 per \$1,000 on an assessed valuation of \$1,861,711,835 for a total road levy of \$2,375,842.49.

Washington State Constitution and Washington State law, RCW 84.55.010, limit the rate.

NOTE 14 – RISK MANAGEMENT

Pend Oreille 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, 2023, 24 counties participate in the WCRP.

The Pool allows members to jointly establish a plan of self-insurance, and provides related services, such as risk management, education, and claims administration. The Pool’s liability program provides coverage for general liability, public officials liability, police professional liability, employment practices liability, and automobile liability. 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 2023, Pend Oreille County selected a per-occurrence deductible of \$10,000.

Members make an annual contribution to fund the Pool. The Pool acquires excess and reinsurance for further protection from larger losses. For the first \$10,000,000 of coverage, the Pool acquires reinsurance. The reinsurance agreements are written with Self-Insured Retentions (“SIRs”) equal to the amount of the

layer of coverage below. For the Pool's 2020-21 Fiscal Year, the Pool's SIR was \$2,000,000 and for the Pool's 2021-22 and 2022-23 Fiscal Years, 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 a joint liability among the participating members. For the 2022-23 Fiscal Year, 15 of the Pool's 25 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 2022-23, Pend Oreille 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.

Pend Oreille 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 2023, the Pool's SIR for cyber claims was \$500,000 from January 1 through December 31, with Pend Oreille County having no deductible.

Beginning in the 2022-23 Fiscal Year, Pend Oreille County was one of 23 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 2022-23, the WCRP's assets increased to \$69,171,241 while its liabilities also increased to \$44,769,402. The Pool's net position ended at \$25,531,296. 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, 2023, was zero (\$0). As such, there were no known contingent liabilities at that time for disclosure by the member counties.

Washington Counties Risk Pool financial Statements can be obtained from the link provided below.

<https://www.wcrp.info/reports.asp>

NOTE 15 – OTHER DISCLOSURES

- a) Whisper Point Development: The amount of \$588,235.75 was received on August 9, 2017 and deposited in Treasurer's Suspense as a financial guarantee for completion of the Whisper Point Sewer System Construction, Phase II, Large On-site Sewer System (LOSS), prior to the approval of the plat per Pend Oreille County Development Regulations (XX.02.040) and RCW 58.17.130. Upon receipt of the acceptable documentation and verification by inspection, the county released the funds in full in 2023.

- b) In February 2021, the Washington Supreme Court struck down the state's main drug possession crime in the *State v. Blake* case. The decision directly impacts anyone previously charged and convicted under the drug possession statute RCW 69.50.4013(1) as it existed before the court ruling. A court process is required to have a criminal record vacated and fines refunded to those impacted by the *Blake* decision. Initially the Blake defendant refund liability fell on Counties with limited reimbursement resources from the State, but on July 1, 2023 the State determined that they would be responsible for the liability for all costs related to the Blake ruling. The County is reimbursed by the State for any time spent on *State v Blake* cases.

- c) In 2022 and 2023, Pend Oreille received Local Assistance and Tribal Consistency Funds allocated by the Federal Government of \$2,071,121.58 each year for a total of 4,142,243.16. Counties and tribal governments eligible for revenue sharing (PILT) had experienced fluctuations in prior years in their PILT (Payment in lieu of Taxes) and SRS (Secure Rural Schools) funds allocated by Congress, so the funds were distributed with the purpose to serve as a general revenue enhancement program. The Pend Oreille County Board of Commissioners made their intent clear that the wise use of the funds would be to secure the future financial resiliency of Pend Oreille County and created a reserve fund (Resolution 2023-17) within Current Expense, while they prepare a strategic plan to use the funds. The funds are presented in the Committed ending fund balance of the Current Expense fund.

- d) After review, it was discovered that the bank accounts the county had been categorizing as private purpose trust funds were more properly defined as custodial funds. The totals in the private purpose trust fund column on C-5 were moved and are now included in the column titled Custodial funds.

**Pend Oreille County
Schedule of Liabilities
For the Year Ended December 31, 2023**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
263.96	11.5.20 Local Microwave System	6/1/2030	210,641	-	22,059	188,582
Total General Obligation Debt/Liabilities:			210,641	-	22,059	188,582
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absences		1,342,708	1,125,814	1,029,209	1,439,313
264.30	Pension Liabilities		1,497,795	-	305,136	1,192,659
264.40	OPEB Liabilities - LEOFF 1		551,857	44,917	-	596,774
264.40	OPEB Liabilities - PEBB		3,828,385	-	1,154,766	2,673,619
263.57	Cusick Substation Lease	12/31/2023	5	-	-	5
263.57	Postage Meter Lease		4,849	-	1,820	3,029
263.57	SBITAs		81,726	-	19,838	61,888
263.57	ESRI		55,000	-	27,500	27,500
263.57	Pluralsight		6,990	-	3,495	3,495
263.57	Lexis Nexis		6,498	-	3,899	2,599
263.57	Trebron Sophos XDR		62,587	-	31,293	31,294
263.57	Trebron Sophos XGS 4500		33,060	-	16,530	16,530
263.57	Dark Trace Limited		41,600	-	10,400	31,200
263.57	Motorola Body worn camera Software		-	50,640	10,128	40,512
Total Revenue and Other (non G.O.) Debt/Liabilities:			7,513,060	1,221,371	2,614,014	6,120,417
Total Liabilities:			7,723,701	1,221,371	2,636,073	6,308,999

**Pend Oreille County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023**

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		
Forest Service Schools and Roads Cluster								
FOREST SERVICE, AGRICULTURE, DEPARTMENT OF (via US Forest Service)	Schools and Roads - Grants to States	10.665	Federal Forest Yield	290,728	-	290,728	-	
FOREST SERVICE, AGRICULTURE, DEPARTMENT OF (via US Forest Service)	Schools and Roads - Grants to States	10.665	18-DG- 11062100-002	4,394	-	4,394	-	
FOREST SERVICE, AGRICULTURE, DEPARTMENT OF (via US Forest Service)	Schools and Roads - Grants to States	10.665	22-DG- 11062100-008	31,022	-	31,022	-	
Total Forest Service Schools and Roads Cluster:				326,144	-	326,144	-	
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION, COMMERCE, DEPARTMENT OF (via WA State Rec & Conservation/Pac St marine Fish Commission)	Columbia River Fisheries Development Program	11.436	23-15600	127,737	-	127,737	-	
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION, COMMERCE, DEPARTMENT OF (via WA State Rec & Conservation/Pac St marine Fish Commission)	Columbia River Fisheries Development Program	11.436	23-15600 / Amendment 23- 13800	17,828	-	17,828	-	
Total ALN 11.436:				145,565	-	145,565	-	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Dept of Commerce)	COVID 19 - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	20-6221C-121	8,746	-	8,746	-	

The accompanying notes are an integral part of this schedule.

**Pend Oreille County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023**

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 Dept of Commerce)	COVID 19 - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	20-6221C-121- 02	5,688	-	5,688	-	
			Total ALN 14.228:	14,434	-	14,434	-	
OFFICE ON VIOLENCE AGAINST WOMEN, JUSTICE, DEPARTMENT OF (via Washington State Dept of Commerce)	Violence Against Women Formula Grants	16.588	F22-31103-059	28,651	-	28,651	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via State Dept of Transportation)	Highway Planning and Construction	20.205	BHS-Z926 (004)	203,510	-	203,510	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via State Dept of Transportation)	Highway Planning and Construction	20.205	HSIP-000S (632)	21,846	-	21,846	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via State Dept of Transportation)	Highway Planning and Construction	20.205	STPR-2261 (004)	1,109,500	-	1,109,500	-	
			Total ALN 20.205:	1,334,856	-	1,334,856	-	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027		-	383,952	383,952	-	

The accompanying notes are an integral part of this schedule.

**Pend Oreille County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
ELECTION ASSISTANCE COMMISSION, ELECTION ASSISTANCE COMMISSION (via WA Office of Secretary of State)	COVID 19 - HAVA Election Security Grants	90.404	IG-6945	1,164	-	1,164	-	2
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State DHHS)	Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	R2023- 82/K6965	66,868	-	66,868	-	
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State DHHS)	Child Support Services	93.563	2110-80328	56,478	-	56,478	-	3
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State DHHS)	Child Support Services	93.563	2110-80328	20,262	-	20,262	-	3
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State DHHS)	Opioid STR	93.788	R2023- 82/K6965	110,677	-	110,677	-	
			Total ALN 93.563:	76,740	-	76,740	-	

The accompanying notes are an integral part of this schedule.

**Pend Oreille County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State DHHS)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	R2023- 82K6935	115,337	-	115,337	-	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State DHHS)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	R2023-05	6,758	-	6,758	-	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State DHHS)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	R2023- 034 /C2018-25 / C2018-22	140,774	-	140,774	-	
U.S. COAST GUARD, HOMELAND SECURITY, DEPARTMENT OF (via WA State Parks & Rec)	Boating Safety Financial Assistance	97.012	N/A	8,631	-	8,631	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military Dept)	Emergency Management Performance Grants	97.042	E23181	31,866	-	31,866	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military Dept)	Homeland Security Grant Program	97.067	E22124 SCEM2117	21,684	-	21,684	-	
			Total ALN 93.959:	262,869	-	262,869	-	

The accompanying notes are an integral part of this schedule.

**Pend Oreille County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023**

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 State Military Dept)	Homeland Security Grant Program	97.067	E23053	6,082	-	6,082	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military Dept)	Homeland Security Grant Program	97.067	E20213	28,944	-	28,944	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military Dept)	Homeland Security Grant Program	97.067	E21212	61,920	-	61,920	-	
Total ALN 97.067:				118,630	-	118,630	-	
Total Federal Awards Expended:				2,527,095	383,952	2,911,047	-	

The accompanying notes are an integral part of this schedule.

PEND OREILLE COUNTY, WASHINGTON
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2023

NOTE 1 – BASIS OF ACCOUNTING

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

NOTE 2 – PROGRAM COST

The amounts shown as current year expenditures represent only the federal award portion of the program costs. Entire program costs, including the County's portion, are more than shown. Such expenditures are recognized following the cost principles contained in title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – FEDERAL INDIRECT COST RATE

The County has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. The amount expended includes \$34,972 claimed as an indirect cost recovery using an approved indirect cost rate of 14.96%

ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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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.

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