



Office of the Washington State Auditor  
Pat McCarthy

# Financial Statements and Federal Single Audit Report

## Whitman County

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

*Published September 11, 2023*

Report No. 1033228



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

September 11, 2023

Board of Commissioners  
Whitman County  
Colfax, Washington

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

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

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

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

*In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at [webmaster@sao.wa.gov](mailto:webmaster@sao.wa.gov).*

## TABLE OF CONTENTS

Schedule of Findings and Questioned Costs.....	4
Schedule of Federal Award Findings and Questioned Costs.....	6
Summary Schedule of Prior Audit Findings .....	10
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	13
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance With the Uniform Guidance .....	16
Independent Auditor's Report on the Financial Statements.....	20
Financial Section.....	24
Corrective Action Plan for Findings Reported Under Uniform Guidance .....	68
About the State Auditor's Office.....	70

# SCHEDULE OF FINDINGS AND QUESTIONED COSTS

## Whitman County January 1, 2022 through December 31, 2022

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

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

#### Financial Statements

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

Internal Control over Financial Reporting:

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

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

#### Federal Awards

Internal Control over Major Programs:

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

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

We reported 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>
21.027	COVID 19 – Coronavirus State and Local Fiscal Recovery Funds

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

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

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

None reported.

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

See Finding 2022-001.

# SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

## Whitman County January 1, 2022 through December 31, 2022

### 2022-001 The County lacked adequate internal controls for ensuring compliance with federal suspension and debarment requirements.

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

#### *Description of Condition*

In 2022, the County spent \$6,428,673 in federal funding from the Coronavirus State and Local Fiscal Recovery Funds (SLFRF). This program gives funding to respond to the COVID-19 pandemic's negative effects on public health and the economy, provide premium pay to essential workers during the pandemic, provide government services to the extent COVID-19 caused a reduction in revenues collected, and make necessary investments in water, sewer, or broadband infrastructure.

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

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

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

Our audit found the County's controls were ineffective for ensuring that it verified all parties receiving \$25,000 or more in federal funds were not suspended or debarred. During 2022, the County paid one contractor \$26,713 in federal funds, and did not verify the contractor was not suspended or debarred before entering into the contract.

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

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

### ***Cause of Condition***

County staff responsible for managing this program did not know about the suspension and debarment requirement until the fiscal year 2021 audit was completed in September 2022. The County implemented corrective action measures, but the purchase applicable to this requirement occurred before the prior audit was completed.

### ***Effect of Condition***

Without adequate internal controls, the County increases its risk of awarding federal funds to contractors that are excluded from participating in federal programs. Any payments the County made to an ineligible party would be unallowable, and the federal agency could potentially recover them. The County subsequently verified the contractor was not suspended or debarred. Therefore, we are not questioning costs.

### ***Recommendation***

We recommend the County strengthen internal controls to ensure that all contractors paid \$25,000 or more, all or in part with federal funds, are not suspended or debarred before entering into the contract, and maintain documentation demonstrating compliance with this federal requirement.

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

*This is the second year in a row the County has received this finding. The 2021 finding was not brought to the attention of the County until early fall 2022 thus, a correction could not be made to the 2022 work that had already happened thus the finding had to be reissued for the 2022 financial year as well. The Counties response is the same as it was for the 2021 financial year:*

*The County understands the importance of following 2 CFR 200, Uniform Guidance. In this situation, a County employee who was unfamiliar with the administration of Federal grants was responsible for the accounting of the SLRF (ARPA) fund (due to an extreme shortage of staff at the time). While this employee verified that all entities receiving the funds were in good standing with Washington State and were, indeed, valid businesses; verification from the federal websites for suspension and debarment was mistakenly missed. After the County was made aware of this issue, it did utilize the federal websites and fortunately, all businesses were clear of suspension and debarment, so they were eligible for federal funding. Going forward, the Finance staff will train employees who are new to administering a federal grant, ensuring that all requirements are met. Additionally, the County has now discussed this matter with all of the department accounting liaisons and the process for correct debarment verification is now included in the County's Grant Policies and Procedures.*

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

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

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

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

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

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

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

**WHITMAN COUNTY, WASHINGTON**  
**Office of Administrative Services**

Jessica Jensema, Chief Finance Administrator  
 400 N. Main Street  
 Colfax, WA 99111  
 509-397-5241



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**Whitman County**  
**January 1, 2022 through December 31, 2022**

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

<b>Audit Period:</b> January 1, 2020 – December 31, 2020	<b>Report Reference No.:</b> 1030035	<b>Finding Ref. No.:</b> 2020-001	<b>ALN(s):</b> 21.019
<b>Federal Program Name and Granting Agency:</b> COVID-19 – Coronavirus Relief Fund U.S. Department of the Treasury		<b>Pass-Through Agency Name:</b> Washington State Department of Commerce	
<b>Finding Caption:</b> The County did not have adequate internal controls for ensuring compliance with federal requirements for subrecipient monitoring.			
<b>Background:</b> The fiscal year 2020 audit found that the County did not include required information in its three subrecipient agreements, and it did not perform risk assessments or monitoring of its subrecipients as Title 2 <i>U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</i> (Uniform Guidance) requires.			
<b>Status of Corrective Action: (check one)</b> <input checked="" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid			

**Corrective Action Taken:**

*Because the 2020 SAO financial audit results were extremely delayed, the County did not receive this finding until the first quarter of 2022. Thus, any corrective action taken could not occur until 2022, resulting in no corrective action being taken in 2021 for a 2020 finding. In August 2022, the Board of County Commissioners approved an updated Federal and State Grant Policy and procedure which included language on how to monitor subrecipients and what must be included in a subrecipient agreement. Beginning in 2022, Subrecipient risk assessments and agreements have been completed on all qualifying subrecipient grants including CDBG-PS, and CDBG-CV grants. The County now monitors its subrecipients on an ongoing basis, and requests backup documentation for their expenditures as a requirement.*

<b>Audit Period:</b> January 1, 2021 – December 31, 2021	<b>Report Reference No.:</b> 1031085	<b>Finding Ref. No.:</b> 2021-001	<b>ALN(s):</b> 21.027
<b>Federal Program Name and Granting Agency:</b> COVID 19 – Coronavirus State and Local Fiscal Recovery Funds U.S. Department of the Treasury		<b>Pass-Through Agency Name:</b> N/A	
<b>Finding Caption:</b> The County’s internal controls were inadequate for ensuring compliance with federal requirements for suspension and debarment.			
<b>Background:</b> The fiscal year 2021 audit found that the County did not obtain written certifications, insert a clause into the contracts, or check the U.S. General Services Administration’s Excluded Parties List System (EPLS) to verify three contractors were not suspended or debarred before contracting as required by Title 2 CFR Part 180, OMB <i>Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement)</i> .			
<b>Status of Corrective Action: (check one)</b> <input type="checkbox"/> Fully Corrected <input checked="" type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid			
<b>Corrective Action Taken:</b> <i>Due to a staff shortage in mid 2022 and a change in finance administration, this 2021 finding was not addressed by the County until September of 2022. While it was ultimately brought to the attention of the newly appointed Chief Finance Administrator, because the calendar year was already more than half over, it was impossible to correctly check the (pre-September 2022) agencies for debarment and suspension that had already received grant funds; however, going forward, all new agencies were checked prior to fund distribution and the completion of signed contracts. As a side note, all of the agencies that should have been checked (pre September 2022) were ultimately reviewed by the County on “sam.gov” and the County confirmed that all were qualifying agencies allowed to receive federal funds.</i>			

## INDEPENDENT AUDITOR'S REPORT

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

#### **Whitman County January 1, 2022 through December 31, 2022**

Board of Commissioners  
Whitman County  
Colfax, 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 Whitman County, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's financial statements, and have issued our report thereon dated August 22, 2023.

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

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

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

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

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

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

We noted certain other matters that we will report to the management of the County in a separate letter dated September 5, 2023.

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

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

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

## **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 22, 2023

# INDEPENDENT AUDITOR'S REPORT

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

### Whitman County January 1, 2022 through December 31, 2022

Board of Commissioners  
Whitman County  
Colfax, Washington

## REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

### Opinion on Each Major Federal Program

We have audited the compliance of Whitman County, with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2022. The County's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

### Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on

compliance for each major federal program. Our audit does not provide a legal determination on the County's compliance with the compliance requirements referred to above.

### **Responsibilities of Management for Compliance**

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

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

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

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

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

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

## Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2022-001. Our opinion on each major federal program is not modified with respect to these matters.

## County's Response to Findings

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

## REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

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

However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2022-001 that we consider to be a material weakness.

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

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

### **Purpose of this Report**

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



Pat McCarthy, State Auditor

Olympia, WA

August 22, 2023

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### Whitman County January 1, 2022 through December 31, 2022

Board of Commissioners  
Whitman County  
Colfax, Washington

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Unmodified and Adverse Opinions

We have audited the financial statements of Whitman County, as of and for the year ended December 31, 2022, and the related notes to the financial statements, as listed in the financial section of our report.

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

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash and investments of Whitman County, and its changes in cash and investments, for the year ended December 31, 2022, on the basis of accounting described in Note 1.

### Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion, they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Whitman County, as of December 31, 2022, or the changes in financial position or cash flows thereof for the year then ended, because of the significance of the matter discussed below.

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

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

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

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

## **Matters of Emphasis**

As discussed in Note 13 to the financial statements, in 2022, the County adopted new accounting guidance for the presentation and disclosure of leases, as required by the BARS Manual. Our opinion is not modified with respect to this matter.

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

## Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County's financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Schedule

of Liabilities is also presented for purposes of additional analysis, as required by the prescribed BARS Manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2023 on our consideration of the County's internal control over financial reporting and on the tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Pat McCarthy, State Auditor

Olympia, WA

August 22, 2023

**Whitman County**  
**January 1, 2022 through December 31, 2022**

**FINANCIAL STATEMENTS**

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

**SUPPLEMENTARY AND OTHER INFORMATION**

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

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

		Total for All Funds (Memo Only)	001 General	103 Countywide Planning-PW	104 Developmental Services
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	39,562,662	14,917,644	10,145	362,875
388 / 588	Net Adjustments	(6,626)	37,141	-	-
<b>Revenues</b>					
310	Taxes	18,845,923	11,490,059	-	58,463
320	Licenses and Permits	274,572	273,525	-	-
330	Intergovernmental Revenues	15,460,472	3,761,366	133,728	-
340	Charges for Goods and Services	12,311,389	2,184,589	21,605	498,088
350	Fines and Penalties	835,185	834,833	-	-
360	Miscellaneous Revenues	1,462,867	1,282,810	-	1,107
Total Revenues:		49,190,408	19,827,182	155,333	557,658
<b>Expenditures</b>					
510	General Government	10,950,145	8,622,304	-	-
520	Public Safety	7,367,265	6,490,340	-	-
530	Utilities	3,253,369	-	-	-
540	Transportation	13,569,650	-	-	-
550	Natural/Economic Environment	1,810,520	542,598	400,361	-
560	Social Services	2,044,094	1,423,005	-	553,724
570	Culture and Recreation	1,018,507	971,688	-	-
Total Expenditures:		40,013,550	18,049,935	400,361	553,724
Excess (Deficiency) Revenues over Expenditures:		9,176,858	1,777,247	(245,028)	3,934
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	10,813,360	828,712	244,432	330
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	332,176	249,476	-	-
Total Other Increases in Fund Resources:		11,145,536	1,078,188	244,432	330
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	10,594,308	52,574	-	-
591-593, 599	Debt Service	616,739	-	-	-
597	Transfers-Out	10,813,360	4,804,120	5,334	-
585	Special or Extraordinary Items	238,221	238,221	-	-
581, 582, 589	Other Uses	249,476	-	-	-
Total Other Decreases in Fund Resources:		22,512,104	5,094,915	5,334	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(2,189,710)</b>	<b>(2,239,480)</b>	<b>(5,930)</b>	<b>4,264</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	19,262,888	-	-	71,136
50841	Committed	153,273	-	-	-
50851	Assigned	9,068,986	3,834,126	4,215	296,003
50891	Unassigned	8,881,179	8,881,179	-	-
<b>Total Ending Cash and Investments</b>		<b>37,366,326</b>	<b>12,715,305</b>	<b>4,215</b>	<b>367,139</b>

The accompanying notes are an integral part of this statement.

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

		<b>108 Veterans Relief</b>	<b>109 Homeless Housing Plan</b>	<b>110 County Road-PW</b>	<b>112 Public Facilities Improvement</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	227,602	443,276	4,606,199	1,559,516
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	52,613	-	4,343,822	961,047
320	Licenses and Permits	-	-	1,047	-
330	Intergovernmental Revenues	-	-	6,050,150	-
340	Charges for Goods and Services	-	237,072	615,844	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	-	17,352	-
Total Revenues:		52,613	237,072	11,028,215	961,047
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	19,706	-
530	Utilities	-	-	-	-
540	Transportation	-	-	8,965,339	-
550	Natural/Economic Environment	-	-	-	867,561
560	Social Services	30,008	37,357	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		30,008	37,357	8,985,045	867,561
Excess (Deficiency) Revenues over Expenditures:		22,605	199,715	2,043,170	93,486
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	27,272	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	27,272	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	692,271	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	248,202	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	-	940,473	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>22,605</b>	<b>199,715</b>	<b>1,129,969</b>	<b>93,486</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	250,207	642,991	5,736,168	1,653,002
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>250,207</b>	<b>642,991</b>	<b>5,736,168</b>	<b>1,653,002</b>

The accompanying notes are an integral part of this statement.

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

		<b>115 Hotel/Motel Tax</b>	<b>116 Domestic Violence Services</b>	<b>117 Boating Safety</b>	<b>120 Historical Preservation</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	50,681	422	52,417	69,965
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	9,875	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	20,015	-
340	Charges for Goods and Services	-	348	37,821	6,010
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	-	-	-
Total Revenues:		<u>9,875</u>	<u>348</u>	<u>57,836</u>	<u>6,010</u>
<b>Expenditures</b>					
510	General Government	-	422	-	-
520	Public Safety	-	-	59,668	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		<u>-</u>	<u>422</u>	<u>59,668</u>	<u>-</u>
Excess (Deficiency) Revenues over Expenditures:		<u>9,875</u>	<u>(74)</u>	<u>(1,832)</u>	<u>6,010</u>
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Increase (Decrease) in Cash and Investments:</b>		<b><u>9,875</u></b>	<b><u>(74)</u></b>	<b><u>(1,832)</u></b>	<b><u>6,010</u></b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	60,556	348	50,585	75,975
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b><u>60,556</u></b>	<b><u>348</u></b>	<b><u>50,585</u></b>	<b><u>75,975</u></b>

The accompanying notes are an integral part of this statement.

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

		123 Paths & Trails	124 REET Technology	126 Treasurer M&O	127 Quad-City Task Force
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	199,870	246,483	173,429	52,286
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	56	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	21,034	10,366	-	170,715
340	Charges for Goods and Services	40,100	6,875	24,168	-
350	Fines and Penalties	-	-	-	352
360	Miscellaneous Revenues	6,100	-	-	45,239
Total Revenues:		67,234	17,297	24,168	216,306
<b>Expenditures</b>					
510	General Government	-	270	10,422	-
520	Public Safety	-	-	-	153,756
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	46,819	-	-	-
Total Expenditures:		46,819	270	10,422	153,756
Excess (Deficiency) Revenues over Expenditures:		20,415	17,027	13,746	62,550
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	10,000	-	-	71,728
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		10,000	-	-	71,728
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	17,113	-	-	13,745
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	94,270
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		17,113	-	-	108,015
<b>Increase (Decrease) in Cash and Investments:</b>		<b>13,302</b>	<b>17,027</b>	<b>13,746</b>	<b>26,263</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	213,172	263,510	187,175	78,549
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>213,172</b>	<b>263,510</b>	<b>187,175</b>	<b>78,549</b>

The accompanying notes are an integral part of this statement.

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

		128 Crime Victims/Witness	132 Auditor Document Preservation	134 Election Reserve	135 Prosecutor STOP Grant
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	372,450	245,162	137,923	8,095
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	65,041	62,219	-	27,683
340	Charges for Goods and Services	39,054	18,049	59,363	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	-	6	-
Total Revenues:		104,095	80,268	59,369	27,683
<b>Expenditures</b>					
510	General Government	117,116	49,731	17,036	13,971
520	Public Safety	-	-	-	13,954
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		117,116	49,731	17,036	27,925
Excess (Deficiency) Revenues over Expenditures:		(13,021)	30,537	42,333	(242)
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	75	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	75	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	17,827	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	-	17,827	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(13,021)</b>	<b>30,537</b>	<b>24,581</b>	<b>(242)</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	359,429	275,699	162,504	7,853
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>359,429</b>	<b>275,699</b>	<b>162,504</b>	<b>7,853</b>

The accompanying notes are an integral part of this statement.

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

		<b>136 Public Defense Improvement</b>	<b>141 Washington Housing SHB 2060</b>	<b>143 Trial Court Improvement</b>	<b>144 Emergency Communication s</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	55,195	91,330	106,606	936,217
388 / 588	Net Adjustments	(43,767)	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	1,709,245
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	48,093	-	22,682	-
340	Charges for Goods and Services	-	37,743	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	-	-	9,828
Total Revenues:		48,093	37,743	22,682	1,719,073
<b>Expenditures</b>					
510	General Government	-	-	10,997	-
520	Public Safety	-	-	-	629,841
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	10,997	629,841
Excess (Deficiency) Revenues over Expenditures:		48,093	37,743	11,685	1,089,232
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	250,914
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	28,326
Total Other Increases in Fund Resources:		-	-	-	279,240
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	-	297,298
591-593, 599	Debt Service	-	-	-	207,816
597	Transfers-Out	48,093	-	-	304,387
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		48,093	-	-	809,501
<b>Increase (Decrease) in Cash and Investments:</b>		<b>-</b>	<b>37,743</b>	<b>11,685</b>	<b>558,971</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	11,428	129,073	118,291	1,495,188
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>11,428</b>	<b>129,073</b>	<b>118,291</b>	<b>1,495,188</b>

The accompanying notes are an integral part of this statement.

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

		<b>145 Affordable Housing</b>	<b>146 ARPA</b>	<b>200 Debt Service</b>	<b>300 Capital Projects</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	161,372	3,781,996	28,918	1,646,081
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	64,337	-	-	156,406
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	4,866,058	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	-	-	171
Total Revenues:		64,337	4,866,058	-	156,577
<b>Expenditures</b>					
510	General Government	-	2,000,914	-	106,767
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	2,000,914	-	106,767
Excess (Deficiency) Revenues over Expenditures:		64,337	2,865,144	-	49,810
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	388,850	8,548,369
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	388,850	8,548,369
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	56,874	-	8,847,366
591-593, 599	Debt Service	-	-	168,291	-
597	Transfers-Out	-	4,370,885	-	250,876
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	249,476	-
Total Other Decreases in Fund Resources:		-	4,427,759	417,767	9,098,242
<b>Increase (Decrease) in Cash and Investments:</b>		<b>64,337</b>	<b>(1,562,615)</b>	<b>(28,917)</b>	<b>(500,063)</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	225,709	2,219,381	1	31,159
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	1,114,859
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>225,709</b>	<b>2,219,381</b>	<b>1</b>	<b>1,146,018</b>

The accompanying notes are an integral part of this statement.

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

		<u>400 Solid Waste</u>	<u>501 Equipment Rental &amp; Revolving Fund</u>	<u>511 Unemployment Insurance</u>
<b>Beginning Cash and Investments</b>				
308	Beginning Cash and Investments	5,573,698	3,291,341	153,468
388 / 588	Net Adjustments	-	-	-
<b>Revenues</b>				
310	Taxes	-	-	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	201,322	-	-
340	Charges for Goods and Services	3,944,645	4,540,015	-
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	34,723	65,531	-
Total Revenues:		4,180,690	4,605,546	-
<b>Expenditures</b>				
510	General Government	-	-	195
520	Public Safety	-	-	-
530	Utilities	3,253,369	-	-
540	Transportation	-	4,604,311	-
550	Natural/Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
Total Expenditures:		3,253,369	4,604,311	195
Excess (Deficiency) Revenues over Expenditures:		927,321	1,235	(195)
<b>Other Increases in Fund Resources</b>				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	387,856	54,822	-
385	Special or Extraordinary Items	-	-	-
381, 382, 389, 395, 398	Other Resources	-	54,374	-
Total Other Increases in Fund Resources:		387,856	109,196	-
<b>Other Decreases in Fund Resources</b>				
594-595	Capital Expenditures	167,132	432,108	-
591-593, 599	Debt Service	240,632	-	-
597	Transfers-Out	480,061	207,132	-
585	Special or Extraordinary Items	-	-	-
581, 582, 589	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		887,825	639,240	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>427,352</b>	<b>(528,809)</b>	<b>(195)</b>
<b>Ending Cash and Investments</b>				
50821	Nonspendable	-	-	-
50831	Restricted	2,181,267	2,762,532	-
50841	Committed	-	-	153,273
50851	Assigned	3,819,783	-	-
50891	Unassigned	-	-	-
<b>Total Ending Cash and Investments</b>		<b>6,001,050</b>	<b>2,762,532</b>	<b>153,273</b>

The accompanying notes are an integral part of this statement.

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

		<b>Total for All Funds (Memo Only)</b>	<b>Private-Purpose Trust</b>	<b>Custodial</b>	<b>External Investment Pool Fund</b>
308	Beginning Cash and Investments	105,710,297	19,938	18,748,848	86,941,511
388 & 588	Net Adjustments	(33,796)	-	(33,796)	-
310-390	Additions	889,451,502	228,353	597,221,953	292,001,196
510-590	Deductions	902,616,785	224,351	596,781,744	305,610,690
	Net Increase (Decrease) in Cash and Investments:	(13,165,283)	4,002	440,209	(13,609,494)
508	Ending Cash and Investments	92,511,218	23,940	19,155,261	73,332,017

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

**Whitman County**  
**Notes to the Financial Statements**  
**For the year ended 12/31/2022**

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

The Whitman County was incorporated on November 29, 1871 and operates under the laws of the state of Washington applicable to a third-class county with a three-commissioner form of government. The County is a general purpose local government and provides public safety, road improvement, judicial administration, health and social services, culture-recreation, solid waste management, and general administrative services.

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

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements (see Note 10, Component Units, Joint Ventures, and Related Parties).
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances for proprietary and fiduciary funds are presented using classifications that are different from the ending net position classification in GAAP.

**A. Fund Accounting**

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

Governmental Fund Types:

General Fund

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

#### Special Revenue Funds

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

#### Debt Service Funds

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

#### Capital Projects Funds

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

#### Proprietary Fund Types:

##### Enterprise Funds

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

##### Internal Service Funds

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

#### Fiduciary Fund Types:

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

##### Private-Purpose Trust Funds

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

##### Custodial Funds

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

##### Investment Trust Funds

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

#### 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 3 - Deposits and Investments

D. Capital Assets

Capital assets are assets with an initial individual cost of \$5,000 or more and an estimated useful life of at least one year. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Vacation leave may be accumulated up to 216 hours or 27 days for most employees or 240 hours or 30 days for employees with 20 years of continuous service to the County and is payable upon separation or retirement. Sick leave may be accumulated up to 960 hours. Upon separation or retirement employees do not receive payment for unused sick leave. Payments are recognized as expenditures when paid.

F. Long-Term Debt

See Note 6– Long-Term Debt (Formerly Debt Service Requirements).

G. Restricted and Committed Portion of Ending Cash and Investments

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

Restrictions and commitments of Ending Cash and Investments consist of:

<b>Fund Number</b>	<b>Restricted/ Committed</b>	<b>Fund Name</b>	<b>Restriction References</b>
104.340.000	71,136	Developmental Services Reserve	Res 66964, RCW 71A.14, County Service Program Agreement
108.060.000	250,207	Veteran's Relief	RCW 73.08.00
109.012.000	642,991	Homeless Housing Plan	RCW 36.22.178
110.400.000	5,736,168	County Road	RCW 36.82.020, 35.77.030
112.010.000	1,653,002	Public Facilities Improvement	RCW 82.14.370, 36.32.121, 39.89
115.300.000	60,556	Hotel/Motel Tax	RCW 67.28.180

116.040.000	348	Domestic Violence Svc	RCW 36.18.016 (2)(b)
117.040.000	50,585	Boating Safety	RCW 88.02.650, State Entitlement
120.010.000	75,975	Historical Preservation	RCW 36.22.170
123.310.00x	213,172	Paths & Trails	RCW 47.30.030, 050, 46.68.090
124.050.00x	263,510	Real Estate Excise Tax Technology	RCW 82.45.180
126.050.000	187,175	Treasurer Maintenance & Operations	RCW 84.56.020
127.140.000	78,549	Quad City Task Force (QCTF)	RCW 69.50.505 & 46.61.5058, Inter-local agreement
128.100.00x	359,429	Crime Victims/Witness	RCW 7.68.035
132.060.000	275,699	Auditor Document Preservation	RCW 36.22.170
134.060.000	162,504	Auditor Elections Reserve	Grant funding with external restrictions
135.100.000	7,853	Prosecutor STOP Grant	Grant funding with external restrictions
136.030.001	11,428	Public Defense Improvement	RCW 10.10.010-070
141.012.000	129,073	Washington Housing SHB 2060	RCW 36.22.178
143.020.000	39,087	Trial Court Improvement, Superior Court	RCW 43.08.250
143.030.000	79,204	Trial Court Improvement, District Court	RCW 43.08.250
144.260.001	1,495,188	Emergency Communications	RCW 82.14.420, Res 065046, 065190, 065901, CC 3.26
145.012.000	225,709	Affordable Housing	RCW 82.14.540 and Resolution
146.012.000	2,219,381	American Rescue Plan Act (ARPA)	Federal mandates on usage, Res 084362
147.310.000	-	Timber Management	Resolution 086366
200.010.003	1	Debt Service-GO Bond	GO Bond Language, Section 10
300.010.000	17,657	Capital Projects - General	REET Revenue, RCW 82.46.010, 82.45.180
300.010.006	11,017	Capital Projects-Document Management	RCW 36.22.170, Revenue Source Document Preservation Fund
300.010.008	2,485	Capital Assets-JPAC	Resolution 080675, Interlocal Agreement
400.400.001	25,307	Solid Waste-Revenue Bond	Revenue Bond, Section 12(b)
410.400.000	2,155,960	Solid Waste Reserve	Landfill closure & post closure costs
501.400.000	2,762,532	Equipment Rental & Revolving Fund	RCW 36.33A
511.012.000	153,273	Unemployment Insurance	Res 085165

RCW – Revised Code of Washington  
GO – General Obligation  
JPAC – Joint Planning Advisory Committee  
RES – Whitman County Board's Resolution

**Note 2 – Budget Compliance**

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

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

The funds in the chart below that are marked by an asterisk (\*) are non-restricted special revenue and debt services funds that have been rolled into the County’s Current Expense/General Fund as explained further in Note 12E.

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

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
<b>001 Current Expense/General Fund</b>			
009 Commissioners Department	458,328	437,727	20,601
010 General Government	7,674,804	7,586,056	88,748
012 Administrative Services	689,725	517,348	172,377
013 Human Resources	317,779	279,725	38,054
020 Superior Court	299,741	291,094	8,647
030 District Court	1,184,690	920,072	264,618
040 Clerk	635,056	572,586	62,470
050 Treasurer	471,315	400,960	70,355
060 Auditor	1,051,083	925,016	126,067
080 Assessor	573,086	474,357	98,729
100 Prosecuting Attorney	870,606	830,133	40,473
105 Child Support Enforcement	116,918	1,990	114,928
120 Facilities Management	810,496	785,773	24,723
140 Sheriff	4,530,387	4,024,835	505,552
170 Juvenile Services	610,719	599,497	11,222
200 Weed Control	99,331	96,008	3,323
220 Coroner	225,280	197,097	28,183
240 Extension	157,097	145,135	11,962
260 Emergency Management	788,410	731,028	57,382

280 Public Health	1,302,023	1,225,907	76,116
300 Fair	686,778	538,435	148,343
310 Parks & Recreation	308,288	282,313	25,975
320 Information Technology	1,050,482	987,341	63,141
<b>Total Current Expense/General Fund:</b>	24,912,422	22,857,058	2,055,364
*102 Building And Development	252,700	168,434	84,266
103 Countywide Planning	813,100	405,695	407,405
104 Developmental Services	934,000	553,724	380,276
108 Veterans Relief	170,400	30,008	140,392
109 Homeless Housing Plan	375,000	37,357	337,643
110 County Road-PW	19,652,764	9,931,535	9,721,229
112 Public Facilities Improvement	1,800,000	867,561	932,439
115 Hotel/Motel Tax	48,000	0	48,000
116 Domestic Violence Services	800	422	378
117 Boating Safety	133,000	59,668	73,332
*118 Inmate Welfare	53,000	11,961	41,039
120 Historical Preservation/Programs	73,120	0	73,120
*122 Sheriff K-9 Unit	13,500	7,462	6,038
123 Paths & Trails	214,500	63,932	150,568
124 REET Technology	257,500	270	257,230
*125 Donations & Planned Giving	344,960	25,747	319,213
126 Treasurer Maintenance and Operations	180,000	10,422	169,578
127 Quad-City Task Force-Drug Enforcement	413,939	261,771	152,168
128 Crime Victims/Witness	120,452	117,116	3,336
*129 Juvenile Special Revenue Funds	22,194	16,369	5,825
*130 Inter-Local Drug Fund	18,500	0	18,500
132 Auditors Document Preservation Fund	315,000	49,731	265,269
*133 Commissioners Special Revenue	342,608	57,544	285,064
134 Elections Reserve	148,670	34,863	113,807
135 Prosecutor STOP Grant	32,238	27,925	4,313
136 District Court Funds	91,860	91,860	0
*138 Federal Equitable Sharing	250,500	6,900	243,600
*141 Washington Housing SHB 2060	100,000	0	100,000
143 Trial Court Improvement	172,536	10,997	161,539

144 Emergency Communication System	2,000,000	1,439,342	560,658
145 Affordable & Supporting Housing	125,000	0	125,000
146 American Rescue Plan Act	7,866,058	6,428,673	1,437,385
147 Timber Management	0	0	0
200 Debt Service-External	417,768	417,768	0
*210 Debt Service - Internal	0	0	0
300 Capital Projects	10,801,845	9,060,019	1,741,826
310 Capital Projects—Fair	161,418	144,992	16,426
400 Solid Waste-PW	7,132,500	4,094,607	3,037,893
410 Solid Waste Reserve	2,032,000	46,586	1,985,414
501 Equipment Rental & Revolving	6,989,000	5,303,577	1,685,423
511 Unemployment Insurance Revolving	130,000	195	129,805

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

**Note 3 – Deposits and Investments**

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

Type of Deposit or Investment	County's own Deposits and Investments	Deposits and Investments held by the County as custodian for other local governments, individuals, or private organizations	Total
Bank Account	1,669,506	1,080,865	2,750,371
Outstanding Warrants	-2,673,556	-1,729,586	-4,403,143
Bank Investment Account	786,797	509,385	1,296,182
Local Government Investment Pool (LGIP)	34,542,679	90,681,826	125,224,505

U.S. Government Securities	3,040,901	1,968,728	5,009,629
<b>TOTAL</b>	<b>37,366,326</b>	<b>92,511,218</b>	<b>129,877,544</b>

It is the County’s policy to invest all temporary cash surpluses. The interest on these investments is prorated to participating organizations; interest on temporary cash surpluses is allocated to the General 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 985204-0200, online at [www.tre.wa.gov](http://www.tre.wa.gov).

#### Investments in County Investment Pool

The County is a voluntary participant in the County investment pool, an external investment pool operated by the County Treasurer. The pool is not rated or registered with the SEC. Rather, oversight is provided by the County Finance Committee in accordance with RCW 36.48.070. The County reports its investment in the pool at principal cost, which is the same as the value of the pool per share. The pool does not impose any restrictions 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 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.

#### **Note 4 – 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 revenues are recognized when cash is received by the County. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The County’s regular levy for the year 2022 was \$1.51669479786 per \$1,000 on an assessed valuation of \$4,646,331,430 for a total regular levy of \$7,070,181.

The County is also authorized to levy \$2.25 per \$1,000 of assessed valuation in unincorporated areas for road construction and maintenance. This levy is subject to the same limitations as the levy for general government services. The County’s road levy for 2022 was \$2.239925425898 per \$1,000 on an assessed valuation of \$1,935,551,300 for a total road levy of \$4,335,491.

**Note 5 - Interfund Loans**

The following table displays interfund loan activity during 2022:

<b>BORROWING FUND</b>	<b>LENDING FUND</b>	<b>BALANCE 1/1/2022</b>	<b>REPAYMENTS</b>	<b>BALANCE 12/31/2022</b>
Capital Projects Fund	General Fund	1,000,000	249,476	750,524
<b>TOTAL</b>		<b>1,000,000</b>	<b>249,476</b>	<b>750,524</b>

Through resolution 084171, the BOCC approved the interfund loan from the General Fund to the Capital Projects fund for the construction of a communication tower in the amount of \$1,000,000. This interfund loan is to be repaid by the Emergency Communications fund beginning in May 31, 2022.

**Note 6 – Long-Term Debt**

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

The debt service requirements for general obligation bonds, revenue bonds, and capital leases are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 548,919	\$ 66,420	\$ 615,340
2024	\$ 325,680	\$ 49,028	\$ 374,708
2025	\$ 337,006	\$ 37,702	\$ 374,708
2026	\$ 140,910	\$ 25,981	\$ 166,891
2027	\$ 145,527	\$ 21,364	\$ 166,891
2028-2031	\$ 547,930	\$ 36,189	\$ 584,119

\$ 2,045,971	\$ 236,686	\$ 2,282,657
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**Note 7 – Pension Plans**

**A. State Sponsored Pension Plans**

Substantially all County full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans Public Employees’ Retirement System (PERS), 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](http://www.drs.wa.gov).

At June 30, 2022 the County’s proportionate share of the collective net pension liabilities (assets), as reported on the Schedule of Liabilities, was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	390,961	0.063793%	1,776,231
PERS 2/3	623,162	0.077568%	(2,876,827)
PSERS 2	43,942	0.099325%	(71,017)
LEOFF 1	0	0.006314%	(181,124)
LEOFF 2	69,773	0.033702%	(915,919)

**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 8 – OPEB Plans**

In addition to the pension benefits described in Note 7, the County provides a County-managed defined benefit plan for post-employment health care benefits in accordance with Revised Code of Washington (RCW) 41.26.150 to LEOFF Plan 1 employees who are retirees. In 2022 three retirees met those eligibility requirements, and actual expenditures were paid out of the General Fund/Current Expense as they were incurred.

The County, as a defined benefit plan, carried medical insurance on three retirees and reimbursed medical premium expenses. The County reimbursed 100 percent of the amount of validated claims for medical, prescription drugs and hospitalization costs incurred by all retirees. The County had long-term care coverage and paid the premiums for two retirees.

Retiree One was reimbursed for Medicare Part B, medical insurance coverage through Washington Counties Insurance Fund (WCIF) and any other remaining medical expenses. Retiree Two was reimbursed for Medicare Part B, medical insurance coverage through Mutual of Omaha, AARP Prescription Policy, long-term care premium, and any remaining medical expenses. Retiree Three was reimbursed for Medicare Part B, medical insurance coverage (Federal medical), long-term care premium, and any remaining medical expenses.

Total expended for post-employment health care for the three retired members in 2022 was \$23,226.

The County has an active LEOFF Board who sets policies and procedures pursuant to and under the authority of Section 1, Chapter 294 Laws of 1981, RCW Chapter 41.26.115. They provide a basis for uniform administration of disability retirement matters. These rules must be followed by each disability board as provided in WAC 415-105-020.

As of December 31, 2022, the County's total OPEB liability reported on Schedule 9 Liabilities was \$1,368,574 calculated using the alternative measurement method with the measurement tool provided by the Washington State Actuary.

## **Note 9 – Risk Management**

### **A. Risk Pool**

Whitman County is a member of Washington Rural Counties Insurance Program (WRCIP). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program or organization 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 program was formed on September 1, 1998, when three counties in the state of Washington joined together by signing an Interlocal Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of November 30, 2022, membership includes 10 members in the program.

The program provides the following forms of joint self-insurance and reinsurance coverage for its members: Property, including Automobile Comprehensive and Collision, Equipment Breakdown, Crime Protection, and Liability: including General, Automobile, Wrongful Acts, and Cyber, which are included to fit the member's various needs.

The program acquires reinsurance through their administrator, Clear Risk Solutions. Liability coverage is purchased to an aggregate limit of \$45,000,000 with a self-insured retention (SIR) of \$350,000. Members are responsible for a \$1,000 to \$10,000 deductible for each claim, while the program is responsible for the \$350,000 SIR. Since the program is a cooperative program, there is joint liability among the participating members toward the sharing of the \$350,000 SIR, in addition to the deductible. The program also purchases a Stop Loss Policy as another layer of protection to its membership, with an attachment point of \$2,294,392 which is fully funded in its annual budget.

Property insurance is subject to a per occurrence SIR of \$350,000. Members are responsible for a \$1,000 to \$50,000 per occurrence deductible. The program bears the \$350,000 SIR, in addition to the deductible.

Equipment Breakdown insurance is subject to a per occurrence deductible of \$2,500 (\$5,000 for sewer plants). Members are responsible for the full deductible amount of each claim. There is no program SIR on this coverage.

Cyber liability insurance is subject to a per-occurrence SIR of \$50,000. Members are responsible for a \$10,000 deductible for each claim, while the program is responsible for the remaining \$40,000 SIR.

Members contract to remain in the program for a minimum of one year and must give notice prior to December 31 before terminating participation the following December 1. The Interlocal Agreement is renewed automatically each year. Even after termination, a member remains responsible for contributions to the program for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Agreement.

The program is funded by its member participants and has no employees. Claims are filed by members/brokers with Clear Risk Solutions, who has been contracted to perform program

administration, underwriting, claims adjustment, and loss prevention for the program. Fees paid to the third-party administrator under this arrangement for the policy year ending December 1, 2022, were \$1,374,948.

The program is governed by a ten-member board of directors elected by each member's designated voting representative. It is felt the individual counties are best able to select their own representatives to manage their insurance association

#### B. Unemployment Compensation

The County is self-insured for unemployment compensation benefits. In 2022 there were two unique claims totaling \$195. At the end of the 2022 fiscal year \$153,273 remains in the unemployment self-insurance fund.

On October 19, 2020 the Board of County Commissioners adopted Resolution 083478 to minimum and maximum fund balances to ensure the continued adequate coverage.

### **Note 10 – Component Units, Joint Ventures, and Related Parties**

The Board of County Commissioners are appointed to boards and committees where, in part, they can be responsible for fiscal decisions made for those entities.

#### **A. Joint Ventures**

*Martin Hall Juvenile Facilities Consortium* - The County is a member of a nine-member consortium of counties which, through a 1996 interlocal agreement, committed to jointly renovate, operate and maintain the Martin Hall Juvenile facility located near Medical Lake, Washington. This agreement has an initial term of fifty years with an automatic renewal for another fifty years upon exercise of an option to renew the Ground Lease from the State of Washington. Community, Counseling and Correctional Services Inc. of Butte, Montana contracts with the consortium to manage the facility in accordance with all legal requirements.

The County has an ongoing monthly obligation for 9.26% (2.5 beds/day) of operation or maintenance costs based on the annual Martin Hall facility budget, which is billed monthly. Additionally any bed days used by Whitman County beyond the 2.5 beds/day/month allocated are billed at the member rate determined each year.

By law, adult and juvenile inmates must be separated from any Sight and Sound contact. The County does not have the ability to house juveniles in the County's Colfax, Washington correction facility due to these requirements.

Each participating county has a voting and alternate member of the Martin Hall Board. These individuals are selected from and empowered to act on behalf of the Board of County Commissioners of each member county.

According to the State Auditor's Office Financial Audit for January 1, 2020 through December 31, 2021, Martin Hall reported 2021 revenues as \$1,947,856 and \$2,308,283 in expenditures and other fund decreases. There was not a 2022 financial audit available since Martin Hall is audited on a biennial basis.

## **B. Related Parties**

1. *Greater Columbia Behavioral Health Regional Support Network (GCBH)* - GCBH manages a network of Behavioral Health agencies located in Asotin, Benton, Columbia, Franklin, Garfield, Klickitat, Walla Walla, Whitman and Yakima counties. GCBH operates through an Interlocal Agreement with these nine counties to provide services through contracts with the State of Washington.

GCBH ensures behavioral health services are available to enrollees through its provider network and works collaboratively with system stakeholders. GCBH envisions a community that encourages recovery, cultural competency, clinical excellence and access to services.

There are no 2022 financial transactions between Whitman County and GCBH.

2. *Snake River Salmon Recovery Board (SRSRB)* – The SRSRB convened in 2002 for the purpose of developing a locally supported, technically sound plan to recover salmon that has been adopted by the State of Washington and Federal Government. The SRSRB is represented by each of the five counties in Southeast Washington and the Confederated Tribes of the Umatilla Indian Reservation. They advise, recommend, and approve funding for habitat projects, monitoring programs and administrative functions necessary to implement the salmon recovery plan.

There are no 2022 financial transactions between Whitman County and SRSRB.

3. *Washington Counties Insurance Fund (WCIF)* – Washington Counties Insurance Fund (WCIF) is a public sector, non-profit, multiple employer, health and welfare trust located in Tumwater, WA. WCIF was formed to pool the cost of employee benefits for counties, taxing districts, and special purpose districts throughout the state. The purpose of the WCIF board is to administer these programs for the benefit of its members.

There are no 2022 financial transactions between Whitman County and WCIF.

4. *Washington Rural Counties Insurance Pool (WRCIP)* – Refer to Note 9 of this document.

In 2022, Whitman County paid \$967,049 for insurance coverage and deductibles to

WRCIP.

5. *Palouse Empire Fair Board (PEFB)* –The responsibilities of the Palouse Empire Fair Board is to advise and assist the Whitman County Fair Manager and Whitman County Board of County Commissioners in managing the county-owned fair facilities to accomplish the mission and goals of the Palouse Empire Fair and utilization of fair facilities.

These responsibilities include scheduling of the facilities for year around events at the Palouse Empire Fairgrounds, conduct and promote the annual Palouse Empire Fair, maintain and improve the amenities of the facilities located at the Palouse Empire Fairgrounds, expanding capabilities of the facility through modernization and infrastructure refurbishing, cultivating citizen participation through the development of a positive volunteer program, defining the Fairgrounds as a regional resource, showcasing the agricultural heritage of the area and augmenting services available to the tourism industry of the area.

6. *Aging and Long Term Care of Eastern Washington (ALTCEW)* - was formed in 1978 through an interlocal agreement between local governments. Its Governing Board represents the members of this interlocal agreement, and provides oversight to make sure the agency is working to meet the needs of local communities. ALTCEW is mandated to assist seniors in finding the services they need to remain independent and safe in their homes for as long as possible, serving Whitman, Spokane, Ferry, Stevens and Pend Oreille Counties. The County pays annual dues, and in 2022 the dues totaled \$4,057.

According to their audited 2021 financial report Statement of Revenues, Expenditures, and Changes in Fund Balance, ALTCEW reported \$20,103,816 for revenues and \$16,796,186 for expenditures. The 2022 financial reports were not available through the State Auditor's office at the time of submission.

7. *Palouse Rural Transportation Planning Organization (PRTPO)* – PRTOP was formed in 1991 as a result of the Growth Management Act (GMA). PRTOP is Washington State's regional transportation planning organization (RCW 47.80) overseeing and assisting various local and regional transportation planning efforts throughout the southeast corner of the State. The Palouse RTPO serve four counties; Asotin, Columbia, Garfield, and Whitman in the legislative district of 5th and 16th. Whitman County joined in 2003. The agency is funded and regulated by the Washington State legislatures and Department of Transportation (WSDOT), and also serves as a regional transportation planning council for four counties.

They work closely with four county elected officials, public works offices, local cities

and towns, other local government and nonprofit agencies, public transit agencies, ports, the public, WSDOT and the Lewis-Clark Valley Metropolitan Planning Organization to deliver comprehensive transportation planning and policy services for the region.

PRTPO does not report their financials to the Washington State Auditor's Office.

8. *Southeast Washington Economics Development Association (SEWEDA)* - SEWEDA is dedicated to developing entrepreneurs, businesses, and industries within our region of Asotin, Columbia, Garfield, and Whitman Counties of Washington. SEWEDA connects businesses with Federal, State, Regional and Local resources to promote economic vitality by creating and retaining jobs through business, tourism, and community development while preserving the culture, environment, unparalleled quality of life and civic interests Asotin, Columbia, Garfield, and Whitman Counties residents.

In 2022 SEWEDA received \$1,500 for membership/partner support.

SEWEDA does not report their financials to the Washington State Auditor's Office. To view their Comprehensive Economic Development Strategy, visit [seweda.org](http://seweda.org).

9. *Whitman County Regional Communications Center (Whitcom) Executive Committee/Finance Committee* - Whitcom is the consolidated E-911 dispatch center for Whitman County, City of Pullman, Washington State University, City of Moscow, ID, and Asotin County, WA. The County has an appointed Commissioner member on the board of Whitcom. The County also pays contracted cost for services, \$446,696 in 2022 as well as facilitating pass-through state grants of \$746,537.

On July 1, 2021 the County purchased land and two buildings from a third party, and one of the buildings houses Whitcom. The third-party wanted to sell and their lease rates were above market, so the County made the purchase and charges Whitcom a reasonable lease rate.

The audited 2019 and 2020 financial report for Whitcom shows 2020 ending cash and investments of \$320,603. The 2020 final appropriated budget was \$3,202,790. The later financial reports were not available through the State Auditor's office at the time of submission.

10. *Workforce Development Council/Eastern Washington Partnership* - Eastern Washington Partnership (EWP) Workforce Development Council (WDC) is a 19-member volunteer board of directors, a majority of whom are from the private sector. The board designs and administers a workforce development system to meet the needs of employers, workers, job seekers, and youth in the Counties of Asotin, Columbia, Ferry, Garfield,

Lincoln, Pend Oreille, Stevens, Walla Walla, and Whitman under the Workforce Innovation and Opportunity Act signed into act in 2014. Federal funding funneled through the Washington State Employment Security Department is distributed to the WDC and contracted out to different service providers. Once contracts are awarded, they are tracked and monitored by WDC staff to ensure that program goals and objectives are being met.

The Eastern Washington Partnership with the Workforce Development Council does not report their financials to the Washington State Auditor's Office. For more information, visit [ewpartnership.org](http://ewpartnership.org).

#### **Note 11 – External Investment Pool**

The External Investment Pool sponsored by the County was established in January 1, 2021. Revised Code of Washington (RCW) 36.29.022, 36.29.010, 36.29.020, authorize the County Treasurer to invest its surplus cash and any funds of municipal corporations which are not required for immediate expenditure and are in the custody or control of the County Treasurer. The External Investment Pool's investments are invested pursuant to the Revised Code of Washington. Any credits or payments to pool participants are calculated and made in a manner as required by RCW 36.29.024.

The investments are managed by the Treasurer, which reports investment activity to the County Finance Committee on an annual basis. Additionally, the County Treasurer investment activity is subject to an annual investment policy review, compliance oversight, annual financial review, and annual financial reporting. The County has not provided nor obtained any legally binding guarantees during the year ended December 31, 2022 to support the value of shares in the Pool.

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

The interest or other earnings of income from the funds of any municipal corporation of which the governing body has not taken any action pertaining to the investment of funds and that have been invested in accordance with state statutes, shall be deposited in the 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 \$712,072. These investments made by the County Treasurer on behalf of the participants is involuntary participation in the County Treasurer's External Investment Pool as they are required to be invested by statute.

100% of the County Treasurer's Pool consists of these involuntary participants. The deposits held for involuntary entities are included in the External Investment Pool – Custodial Funds

## **Note 12 – Other Disclosures**

### **A. Closure and Post Closure Care Cost**

The County has operated a Municipal Solid Waste (MSW) landfill facility since the early 1970s at the Carothers Road Landfill facility near Pullman. The three original MSW cells (cells 1, 2 and 3) were closed and covered in 1995 in accordance with Washington State Department of Ecology (DOE) requirements as outlined in WAC 173-304. Amongst the provisions of the WAC are requirements to perform long-term ground water quality monitoring, gas emissions monitoring, and maintenance of the closed cells. Post closure activities for these cells are expected to carry on for another several years.

In the fall of 2017, the County undertook the design and construction of some large-scale repairs and upgrades to the cover materials over cells 2 and 3 which were completed in 2018. Repairs included waste/cover settlement, and gas monitoring system upgrades and repairs. There has been ongoing monitoring of the condition of the cover materials and the repaired areas through 2022. Monitoring and ongoing maintenance of cover materials are part of the Closure and Post-Closure activities required by our Operating Permit.

A fourth cell at the facility, Cell #4, is still open and receiving “Limited Purpose” waste (mostly construction debris and asbestos). This cell is permitted in accordance with the provisions of WAC 173-350. The County has a consulting engineering firm on contract to provide ongoing work for monitoring and closure of Cell #4. The current estimate (completed in 2020) is that Cell #4 will be able to receive waste for about another 10 to 15 years, at the current rate of filling. Once the cell is closed, it will require on-going, long-term monitoring and maintenance, similar to the post-closure requirements for Cells 1 through 3.

The Solid Waste Reserve Fund's purpose is to finance the closure and post-closure care (monitoring and maintenance) costs. Post-closure activities for Cell #4 are predicted to carry on for a minimum of twenty years after closure, assuming there is no need for remediation or large-scale repairs to the facility. Closure costs are estimated to be approximately \$986,000 (2018). Post closure care costs (facility maintenance and environmental monitoring) are in addition to the closure costs. Current fund balance (a portion of the Solid Waste Reserve Fund balance) allocated for post-closure care is estimated at \$1,370,200. Based on the projected future contributions to the closure/post-closure fund, the current 2022 liability for closure and post-closure care is \$1,986,323.

The 2022 annual costs associated with the landfill for post-closure activity (monitoring and maintenance) for Cells 1-3 were \$46,586 to cover repairs, groundwater monitoring, analytical

testing, consulting engineering services, and inspections.

Both WAC 173-304-467 and WAC 173-350-600 require public entities to maintain a financial assurance account. The sole purpose of the account is to bear the costs of performing closure and post-closure activities at the facility. The Operations plan for the facility has been submitted to the Whitman County Environmental Health Department and the Department of Ecology for approval. The Permit was granted in early 2020. The financial assurance plan and funds have been reviewed and approved by DOE and the jurisdictional health department.

The County established a fund for closure and post-closure costs (Fund 410, Solid Waste Reserve), which meets the requirements of the WAC provisions. A portion of the tipping fee collected at the facility (\$2.50/ton for several years and then was increased to \$4.00/ton on September 1, 2020) is transferred to the Reserve fund from the Solid Waste Fund. The amount deposited in the Reserve Fund was increased to account for higher projected Closure and Post-Closure Care costs. The amount transferred to the Solid Waste Reserve Fund in 2022 was \$147,224. The amount of the transfer is expected to increase over the coming years to cover the cost of closure and post-closure activities (see Great West Engineering Financial Model Report, 2019, which assessed whether the balance and growth of the fund is projected to be sufficient to cover the long-term costs of closure and post closure activities). Reserve Fund Balance at the end of 2022 was \$2,155,960.

## **B. Pollution Remediation Obligation**

The County continually reviews any possible pollution remediation and foresees no obligations at this time for any of the remediation items mentioned below. The County considered asbestos removal, EPA superfund sites, Brownfield remediation, leaking underground storage tanks, chemical spills, and water pollution as possible pollution remediation situations. In Note 12A in the Notes to the Financials and Schedule 9, the County speaks to costs and circumstances for a landfill cell closure.

## **C. Contingencies and Litigations**

There are pending lawsuits or threatened lawsuits against the County, of which the County's Prosecuting Attorney is aware.

1. One involves a claim for a declaratory judgment by someone named Scott Iceberg. Mr. Iceberg filed a suit in federal court against the County which alleged a violation of the Americans with a Disability Act. That suit was dismissed, but Mr. Iceberg is appealing the dismissal. Based on attorney-client privilege, the County's Prosecuting Attorney declines to provide an analysis of the claim, other than to say that he believes it would be very unlikely to result in an unfavorable outcome that would not be covered by the County's insurance.
2. Funabiki v. Whitman County is pending in the US District Court for Eastern Washington. It alleges negligence on the County's part regarding facts surrounding the

suicide of a person who was in custody at the County jail. The case is in its early stages, has been referred to outside counsel for defense, and I decline to provide an analysis of the claim, based on attorney-client privilege and attorney-work product. The County's Prosecuting Attorney believes it unlikely that liability, if any, will exceed the County's insurance coverage.

3. *Rockness v. Whitman County* was pending in the US District Court for Eastern Washington. It alleged negligence on the County's part in supervision of a county employee. The case has been dismissed. It is unknown whether the plaintiff will appeal.

4. The County has gotten a series of claims in the last year from someone named Daryl Riser. It is a bit hard to decipher the basis of Mr. Riser's multiple and shifting theories of wrongdoing on the County's part, but they seem to center around his unhappiness with one or more court rulings by the County's courts and with his house / mortgage apparently being foreclosed and perhaps sold at a trustee's sale.

5. Eric Hood has filed a lawsuit against the County in Spokane Superior Court. He alleges violations of the state's public records act. This claim is likely not covered by the county's insurance policy. Based on attorney-client privilege and attorney work product, I decline to provide details as to likely outcomes or strategies, but it is my opinion that the result is not likely to have a very large impact on the County's finances.

6. *Naseem Stanikzy v. Whitman County* is pending in the US District Court for Eastern Washington. It alleges negligence on the County's part, as well as the just on the case, as well as an arresting police officer, regarding facts surrounding the arrest, prosecution, and conviction of Mr. Stanikzy. The case is in its early states, has been referred to outside council for defense, and I decline to provide an analysis of the claim, based on attorney-client privilege and attorney-work product. The County's Prosecuting Attorney believes it is unlikely that liability, if any, will exceed the County's insurance coverage.

7. On the potential impact of *State v. Blake* on any liability to the County:

**Blake Legal Financial Obligation Refunds.** In *State v. Blake*, 197 Wn.2d 170, 173 (2021), the Washington Supreme Court invalidated Washington's simple drug possession statute. The effect of this decision is to render void all such convictions dating back to 1971. Under due process, all penalties, fines and restitution ("legal financial obligations" or "LFOs") that were paid by people in connection with simple possession of drugs convictions must be refunded.

Shortly after the Blake decision, a putative class action was filed by the Civil Survival Project ("CSP") against King County, Snohomish County and the State of Washington seeking a refund of LFOs and other unspecified damages. (This suit does NOT involve Whitman County directly.) The obligation to refund LFOs is not disputed, but the question of whether refunds are the responsibility of the County or the State is in dispute. The counties believe that this is exclusively a state liability. The State of Washington has

rejected a tender of defense of the CSP matter from the counties. In Fall 2021, the CSP class action lawsuit was dismissed with prejudice (the Counties won). Plaintiffs have filed an appeal that is unlikely to be resolved before 2023.

In addition, King County and numerous counties along with the Washington Association of Counties has filed suit against the State to both enforce the tender of defense of any Blake-related suits and to ensure that Blake-related liabilities belong to the State, not the counties. (Again, Whitman County is not directly involved in that suit.) That suit is not resolved, but is likely to be moot, since the legislature has now recognized the liability for the funds to pay the refunds lies with the State, not the Counties.

The Washington Legislature has provided ample funding thus far for the County to process vacations and refund LFOs on behalf of the state, including additional funding for FY 2023 and proviso language that suggests an ongoing state responsibility. The maximum amount the State will reimburse the County is \$696,354 of which \$87,000 is for extraordinary expenses and the other \$609,354 is for LFOs. At the end of 2022 the County had been reimbursed \$299,445 for expenses paid.

In the Whitman County Prosecutor's legal opinion, it is very unlikely that the County will bear any liability to pay for the refunds due to former-defendants under State v. Blake.

#### **D. Prior Period Adjustments**

##### ***Current Expense:***

A grant that ended December 31, 2021 had unspent funds that were returned to the Washington State Office of Public Defense in the amount of \$6,625.50

In 2021 District Court's Public Defense fund 136.030.003 collected \$43,767 and the funds were not distributed to Current Expense. A prior period adjustment to decrease the 136.030.003 fund balance and increase the Current Expense fund balance by \$43,767 was made.

##### ***Special Revenue and Capital Projects Funds:***

Please refer to the above paragraph for an adjustment made to the Public Defense fund 136.030.003.

#### **E. Rolling Up Funds**

For the purpose of financial reporting presentation, the following funds were rolled up into one reporting unit.

The Special Revenue Funds and Debt Service Fund listed in the table below were rolled up into Current Expense/General Fund because they were not restricted or committed by RCW, contract, agreement, or any other internal or external instrument or source.

Fund Name/Number	Beginning Fund Balance	Revenue	Expenditures	Ending Fund Balance
Building and Development (102)	101,078	138,596	168,434	71,240
Inmate Welfare (118)	23,557	22,625	11,962	34,220
Sheriff K-9 Unit (122)	20,818	7,881	7,462	21,237
Donations & Planned Giving (125)	374,108	5,248	25,747	353,609
Juvenile Special Revenue (129)	20,990	0	16,370	4,620
Inter-Local Drug Fund (130)	12,525	0	0	12,525
Commissioner Special Revenue (133)	342,608	0	57,544	285,064
Federal Equitable Sharing (138)	236,083	3,399	6,900	232,582
Debt Service-County (210)	0	0	0	0
<b>Combined with other General Funds</b>	<b>1,131,767</b>	<b>177,749</b>	<b>294,419</b>	<b>1,015,097</b>

Capital Project Funds 300, and 310 were reported under the 300 fund number. The table below shows the detail of the rollup.

Fund Number/Name	Beginning Fund Balance	Revenue	Expenditures	Ending Fund Balance
300 Capital Projects General	1,460,100	8,704,796	9,060,018	1,104,878
310 Capital Projects Fair Museum	185,981	151	144,992	41,140
<b>Combined Funds under 300</b>	<b>1,646,081</b>	<b>8,704,947</b>	<b>9,205,010</b>	<b>1,146,018</b>

Solid Waste Fund 400 and Solid Waste Reserve Fund 410 were reported under the 400 fund number. The table below shows the detail of the rollup.

Fund Number/Name	Beginning Fund Balance	Revenue	Expenditures	Ending Fund Balance
400 Solid Waste Fund	3,551,378	4,387,920	4,094,607	3,844,690
410 Solid Waste Reserve Fund	2,021,921	180,625	46,586	2,155,960
<b>Combined Funds under 400</b>	<b>5,573,299</b>	<b>4,568,545</b>	<b>4,141,194</b>	<b>6,000,650</b>

### Note 13 - Leases

During the year ended 2022, the County followed 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, Schedule 9.

In 2022, the County reported 3 lease categories which included Land, Quarry, and Equipment with total lease payments of \$54,729.

#### **A. Land Leases**

Baker Road Lease commenced on 9/2/2009 and is set to expire on 12/31/2030 for a total duration of 21.33 years. This lease requires a re-calculation of rent every five years with the last recalculation on 1/1/2020 and the next calculation falling on 1/1/2025. Currently the County pays \$1,000 per year.

Bald Butte Lease commenced on 6/1/2021 and is set to expire on 5/31/2041 for a total duration of 19.83 years. This lease requires an overall payment of \$161,222.04 with a set annual payment schedule in which each payment gradually increases each year. In 2022 the annual lease payment was \$6,180. This lease also has a subtenant agreement in which the County will pay 50% of the rent from each subtenant as part of the annual lease payment. In 2022, there were no subtenants.

Clearwater Site Lease commenced on 3/1/2022 and is set to expire on 2/28/2032 for a total duration of 10 years. This lease requires a monthly rental payment with a set rent schedule in which the monthly rent increases slightly each year. In 2022 the County paid \$3,500 in rent. In addition, the County is responsible to pay shared rent for each sublease entered into on the premises.

St. John Site Lease commenced on 10/1/2020 and is set to expire on 9/30/2025 for a total duration of 5 years. This lease requires an annual payment of \$300.

Steptoe Butte Site Lease commenced on 1/1/2010 and was mutually extended on 1/1/2020. The lease is set to expire on 12/31/2024 making a total new duration of 5 years. This lease is based on a combination of rent for the land and for rent related to equipment used by the County or authorized sub-lessees. The County pays base annual rent of \$6,000 with an escalator that increases by 3% each year. In 2022 the total land rent was \$8,305. This lease also requires a road use fee base of \$2,000 with the same escalator rate for a total road use fee of \$2,768 and a total rent of \$11,074. Shall a leasehold tax be imposed on this lease or any interest therein, the County will pay to the State the leasehold tax. At this time, there is not an applicable leasehold tax.

Tekoa Site Lease commenced on 3/1/2011 and is set to expire on 2/28/2031 for a total duration of 20 years. The lease requires an annual payment of \$3,307.50 This lease requires a 5% increase every 5 years with the next increase in the annual payment in 2026.

#### **B. Quarry Leases**

Bauer Quarry Lease commenced on 4/20/2012 and is set to expire on 4/19/2024 for a total duration of 12 years. The lease requires an annual payment of \$80.00 per acre with the site being re-measured annually. It is expected that the annual payment will total \$120 for the remainder of the lease. In addition, a \$0.30 per ton royalty on all rock removed is required. In 2022 lease payments totaled \$120.

Repp Quarry Lease commenced on 9/1/2021 and is set to expire on 8/31/2032 for a total duration of 11 years. This lease requires an annual base payment of \$4,800 plus an additional 12.84% leasehold tax. In 2022 the annual lease payment was for \$5,416.32. In 2026 the County expects the annual payment rate to increase by 3.12% for a required CPI adjustment.

**C. Equipment Leases**

Landfill Wheel Loader Lease commenced on 7/28/2020 and is set to expire on 7/28/2025 for a total duration of 5 years. This lease requires 60 monthly payments of \$1,918.38 making the 2022 total lease payments \$23,021.

The total amount paid for leases in 2022 was \$53,918. As of December 31, 2022, the future lease payments are as follows:

**Total Future Annual Lease Obligations**

<b>Year ended December 31</b>	<b>Total</b>
2023	\$55,241
2024	\$55,903
2025	\$34,773
2026	\$21,699
2027	\$22,049
2028-2032	\$105,859
2033-2037	\$45,417
2038-2041	\$30,652

**Note 14 – 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 through 2021. These measures included a limitation on business operations, public events, gatherings, travel, and in-person interactions.

On March 11, 2021, the President of the United States signed into law the \$1.9 trillion American

Rescue Plan Act (ARPA). The bill provided Whitman County \$9,732,115 in federal funds divided into two tranches. The first tranche of \$4,866,058 was received on May 18, 2021 and the second tranche was received on June 6<sup>th</sup>, 2022. ARPA can be used for a wide variety of items to help address the COVID-19 pandemic and economy, along with assistance for water, sewer, and broadband infrastructure.

The County began planning and exploring options for the ARPA funds immediately. Between March and May, there were several meetings with nonprofit groups, individuals, small businesses, and elected officials that helped the County determine the needs and levels of assistance that would be requested from the County. In May of 2021, The Department of Treasury released the Interim Final Rule which guided local governments on how to use the ARPA funds appropriately. On June 21, 2021, the BOCC approved a proposed spending plan for ARPA.

As COVID-19 began a late summer and early fall surge in Whitman County, it became apparent that the Commissioners and Administrative Services Director had to act quickly to relieve some of the COVID-19 Stress on the County employees. On September 16, 2021, the BOCC reinstated an emergency leave policy allowing employees to follow CDC quarantine and isolation leave procedures associated with COVID-19 while still being paid and not having to use their paid time off. On February 22<sup>nd</sup>, 2022 the Board of Whitman County Commissioners suspended the emergency leave policy effective March 1<sup>st</sup>, 2022. The total cost of emergency leave in 2022 was \$53,975

In addition to emergency leave, the ARPA monies also funded required updates to networking because the current systems had become strained from the increased use of meetings being streamed. Total networking upgrades in 2022 were \$7,875.

ARPA allowed the County to return to pre-pandemic staffing. During the pandemic, the County was fortunate enough to lose only one position. In 2020, a position went unfilled due to the pandemic in the Clerk's office. That position was filled in 2021 with an agreement that ARPA would cover the 2021 and 2022 salaries and benefits for the rehire. The 2022 costs totaled \$51,416

The County also took the opportunity to address the failing Heating, Ventilation and Air Conditioning (HVAC) system in the main Courthouse. The failed system was well beyond its life, was not properly cycling the air in the building, and not all spaces had proper airflow to mitigate the spread of COVID-19. The new HVAC system that the County's contractor installed in the Courthouse allows each office space to have a filtration system and airflow management. The system will continually turn over a percentage of the air in the courthouse with fresh, outside air to help mitigate the spread of viruses and bacteria. The 2022 HVAC expenditures totaled \$4,265,495.

The County awarded \$677,732 ARPA dollars to local non-profit and tourism-based entities to

assist those serving Whitman County that suffered negative economic impacts as a result of the COVID-19 public health emergency and to help mitigate the spread of COVID-19. The County was able to award 21 non-profit and tourism-based entities.

In an effort to continue mitigating the spread of COVID-19, the County also purchased more pods to be used in the Jail. These pods allow inmates to meet with their attorneys and other officials while reducing risk of exposure in a congregate living area (jail). This total cost was \$33,720.

In March of 2022, the County allocated a portion of its ARPA funds to the ARPA Small Business Relief Program to assist small businesses serving Whitman County that had suffered negative economic impacts as a result of the COVID-19 public health emergency and to help the small businesses mitigate the spread of COVID-19. The Program assisted a total of 76 entities and had a total award amount of \$750,000.

Additionally, the Board of Whitman County Commissioners established a retention incentive program for full or part-time employees effective April 1<sup>st</sup>, 2022. The Commissioners substantiated that the County was on a brink of a public sector workforce crisis and that nearly every department was facing turnover and retention issues. Qualifying employees received 9.75% of their base wage earned in the allowable quarters as a retention incentive. Total retention incentive costs in 2022 were \$554,968.

In June 2022 the County hired a Veteran Service Officer (VSO) to assist Veteran's in obtaining their full benefits through the Federal Government. Since Veterans were a negatively impacted group during the pandemic, the salary and benefits of the new VSO officer were split equally between the Veteran Relief Fund 108,060.000 and ARPA. Total ARPA expenses in 2022 for the VSO were \$15,083.

Lastly, in 2022 the County purchased equipment for the Coroner to assist with the increase in deaths since the pandemic began. The total cost of the equipment was \$18,411.

The length of time these measures will continue to be in place, and the full extent of the direct or indirect financial impact on the County is unknown at this time.

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

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
<b>General Obligation Debt/Liabilities</b>						
251.11	Public Service Building Bond	3/31/2031	1,354,700	-	123,862	1,230,838
	<b>Total General Obligation Debt/Liabilities:</b>		<b>1,354,700</b>	<b>-</b>	<b>123,862</b>	<b>1,230,838</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
252.11	Solid Waste Revenue Bond	10/20/2023	460,027	-	226,651	233,376
259.12	Compensated Balances		874,573	17,827	-	892,400
263.22	Landfill Closure and Post-Closure Liability		1,884,997	101,326	-	1,986,323
263.52	Capital Lease/Purchase Emergency Management	7/20/2025	761,247	-	180,297	580,950
263.57	Leases-Land		233,883	48,150	25,361	256,672
263.57	Leases-Equipment		82,490	-	23,021	59,469
263.57	Leases-Quarry		60,989	-	5,536	55,453
264.30	Pension Liability		798,211	978,020	-	1,776,231
264.40	OPEB Liability		1,559,159	-	190,585	1,368,574
	<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>		<b>6,715,576</b>	<b>1,145,323</b>	<b>651,451</b>	<b>7,209,448</b>
	<b>Total Liabilities:</b>		<b>8,070,276</b>	<b>1,145,323</b>	<b>775,313</b>	<b>8,440,286</b>

**Whitman County  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2022**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via Washington Department of Health)	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	CLH18268	112,847	-	112,847	-	1,3,5
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via Washington State Department of Health)	WIC Farmers' Market Nutrition Program (FMNP)	10.572	CLH18268	356	-	356	-	1,5
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Washington State Department of Commerce)	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	21-62210-016	102,210	-	102,210	99,210	1,3,5
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Washington State Department of Commerce)	COVID 19 - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	20-6221C-128	176,206	-	176,206	176,206	1,5
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via Washington State Department of Commerce)	Crime Victim Assistance	16.575	23-31101-535; 23-31101-035	63,592	-	63,592	-	1,5
<b>Total ALN 14.228:</b>				<b>278,416</b>	<b>-</b>	<b>278,416</b>	<b>275,416</b>	

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

**Whitman County  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2022**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
OFFICE ON VIOLENCE AGAINST WOMEN, JUSTICE, DEPARTMENT OF (via Washington State Department of Commerce)	Violence Against Women Formula Grants	16.588	F21-31103-016	25,986	-	25,986	13,954	1,5
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via Washington State Department of Commerce)	Edward Byrne Memorial Justice Assistance Grant Program	16.738	F18-31440-015; F20-31440-215	205,423	-	205,423	-	1,5
<b>Highway Planning and Construction Cluster</b>								
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	LA-9012	972	-	972	-	1,5
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	LA-8938	17,190	-	17,190	-	1,5
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	LA-9156	1,191	-	1,191	-	1,5

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

**Whitman County  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2022**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	LA-10113	11	-	11	-	1,5
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	LA-10391	382,992	-	382,992	-	1,5
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	LA-10457	460	-	460	-	1,5
<b>Total Highway Planning and Construction Cluster:</b>				<b>402,816</b>	<b>-</b>	<b>402,816</b>	<b>-</b>	
<b>Highway Safety Cluster</b>								
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Traffic-Safety Commission)	State and Community Highway Safety	20.600	SWV0001892- 04	10,589	-	10,589	-	1,5
<b>Total Highway Safety Cluster:</b>				<b>10,589</b>	<b>-</b>	<b>10,589</b>	<b>-</b>	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027		-	6,428,673	6,428,673	-	1,5

The accompanying notes are an integral part of this schedule.

**Whitman County  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2022**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
ELECTION ASSISTANCE COMMISSION, ELECTION ASSISTANCE COMMISSION (via The State of Washington Office of the Secretary of State)	2018 HAVA Election Security Grant	90.404	EAC1651DB20 20XX-2020- 61000001- 410001- EAC190800000 0	15,627	-	15,627	-	1,5
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	Public Health Emergency Preparedness	93.069	CLH18268	11,120	-	11,120	-	1,3,5
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	Immunization Cooperative Agreements	93.268	N/A	7,985	-	7,985	-	1,4
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	COVID 19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	CLH18268	6,386	-	6,386	-	1,3,5
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Child Support Enforcement	93.563	75-1501-0-1- 609	630	-	630	-	1,2,5

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

**Whitman County  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2022**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Child Support Enforcement	93.563	75-1501-0-0- 609	16,389	-	16,389	16,389	1,5
<b>Total ALN 93.563:</b>				<b>17,019</b>	<b>-</b>	<b>17,019</b>	<b>16,389</b>	
HEALTH RESOURCES AND SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	Maternal and Child Health Services Block Grant to the States	93.994	CLH18268	5,488	-	5,488	-	1,3,5
U.S. COAST GUARD, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Park and Recreation Commission)	Boating Safety Financial Assistance	97.012	3321FAS21015 3	12,023	-	12,023	-	1,5
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington Military Department)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	D21-114	386,467	-	386,467	-	1,5
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF	Emergency Management Performance Grants	97.042		-	20,473	20,473	-	1,5

The accompanying notes are an integral part of this schedule.

**Whitman County  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2022**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington Military Department/Spokane County Greater Spokane Department of Emergency Management)	Homeland Security Grant Program	97.067	GSEM 1919; E20-066	22,874	-	22,874	-	1,5
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington Military Department/Spokane County Greater Spokane Department of Emergency Management)	Homeland Security Grant Program	97.067	SCEM 2019	24,063	-	24,063	-	1,5
<b>Total ALN 97.067:</b>				<b>46,937</b>	<b>-</b>	<b>46,937</b>	<b>-</b>	
<b>Total Federal Awards Expended:</b>				<b>1,609,077</b>	<b>6,449,146</b>	<b>8,058,223</b>	<b>305,759</b>	

The accompanying notes are an integral part of this schedule.

**Whitman County**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2022**

Note 1 – Basis of Accounting

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

Note 2 – Federal De Minimis Indirect Cost Rate

The County has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance for one grant.

Note 3 – Federal Indirect Cost Rates

The Public Health Department had an approved Federal Indirect Cost Rate of 16 percent in 2022 for four grants with total allowable expenditures of \$135,841. The amount expended includes \$11,986 claimed as an indirect cost recovery.

The U.S. Department of Housing and Urban Development (HUD) via the Washington State Department of Commerce paid the County a \$3,000 overhead fee in 2022 for Contract 20-62210-016 and 21-62210-016.

Note 4 - Noncash Awards - Vaccines

The amount of vaccine reported on the Schedule is \$7,985, the value of vaccine received by the County during 2022 and priced as prescribed by the County Health Officer.

Note 5 – Program Costs

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the County's portion, are more than shown. Such expenditures are recognized following 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.

**WHITMAN COUNTY, WASHINGTON**  
**Office of Administrative Services**

Jessica Jensema, Chief Finance Administrator  
 400 N. Main Street  
 Colfax, WA 99111  
 509-397-5241



**CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED UNDER  
 UNIFORM GUIDANCE**

**Whitman County**  
**January 1, 2022 through December 31, 2022**

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

<p><b>Finding ref number:</b> 2022-001</p>	<p><b>Finding caption:</b> The County lacked adequate internal controls for ensuring compliance with federal suspension and debarment requirements.</p>
<p><b>Name, address, and telephone of the County contact person:</b> Jessica Jensema, Chief Finance Administrator 400 N. Main St. Colfax, WA 99111 (509) 397-5278</p>	
<p><b>Corrective action the auditee plans to take in response to the finding:</b> <i>This is the second year in a row the County has received this finding. The 2021 finding was not brought to the attention of the County until early fall 2022 thus, a correction could not be made to the 2022 work that had already happened thus the finding had to be reissued for the 2022 financial year as well. The Counties response is the same as it was for the 2021 financial year:</i> <i>The County understands the importance of following 2 CFR 200, Uniform Guidance. In this situation, a County employee who was unfamiliar with the administration of Federal grants</i></p>	

*was responsible for the accounting of the SLRF (ARPA) fund (due to an extreme shortage of staff at the time). While this employee verified that all entities receiving the funds were in good standing with Washington State and were, indeed, valid businesses; verification from the federal websites for suspension and debarment was mistakenly missed. After the County was made aware of this issue, it did utilize the federal websites and fortunately, all businesses were clear of suspension and debarment, so they were eligible for federal funding. Going forward, the Finance staff will train employees who are new to administering a federal grant, ensuring that all requirements are met. Additionally, the County has now discussed this matter with all of the department accounting liaisons and the process for correct debarment verification is now included in the County's Grant Policies and Procedures.*

**Anticipated date to complete the corrective action:** 9/30/2023

## ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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