

MEMO

TO: Board of County Commissioners (BOCC)

FROM: Becky Butler, Budget and Risk Director

DATE: April 6, 2026

SUBJECT: Update on LATCF Funds and Options for Reallocation or Continued Use

This memorandum provides the Board with a current status update on Local Assistance and Tribal Consistency Fund (LATCF) resources received through the U.S. Treasury and presents several options for their use consistent with program requirements.

Current Status As of April 2026, the unallocated LATCF balance is **\$326,975**.

In a prior year, the Board allocated \$767,241 of LATCF funds to the future LEOFF I long-term care/post-employment benefit liability. At year-end 2025, the recalculated LEOFF I liability stood at \$6,745,079, while the balance in the County LEOFF Fund was \$7,897,355. The liability is therefore fully funded due to the transfers made by Larry Grove in prior years.

Reporting and Obligation Requirements LATCF rules require that funds be reported as “used or obligated” on an annual basis. However, an internal allocation does not constitute a binding obligation unless it is supported by an executed contract. Consequently, the \$767,241 previously designated for LEOFF I long-term care is not currently treated as obligated only as earmarked funds.

There is presently no statutory end-date or claw-back provision for unused LATCF balances, provided the funds remain within eligible categories.

Options for Board Consideration

1. **Reallocate the \$767,241 previously designated for LEOFF I** - Because the LEOFF I liability is now fully covered by existing fund balances, the Board may wish to reallocate these resources to other eligible general-government costs.
2. **Leave the \$767,241 in the LEOFF Fund and authorize an interest sweep** - The Board could elect to retain the allocation within the LEOFF Fund and direct the Treasurer to sweep investment earnings for general-government use over the next two years. For reference, 2025 investment interest earned in the LEOFF Fund totaled **\$432,662**.
3. **Apply the remaining unallocated balance (\$326,975) to public-safety salaries** - Staff recommends using the current unallocated LATCF balance to partially offset the planned reduction in the 2026 traffic-policing transfer, thereby supporting public-safety salaries in 2026.

If the BOCC would like to consider any or all of these options today, staff can adjust the budget amendment hearing scheduled for April 21, 2026 to include the appropriate changes.