



Washington State Auditor's Office

Independence • Respect • Integrity

Financial Statements and Federal Single Audit Report

Aging and Long Term Care of Eastern Washington

Spokane County

For the period January 1, 2014 through December 31, 2014

Published July 2, 2015

Report No. 1014483





Washington State Auditor's Office

July 2, 2015

Governing Board
Aging and Long Term Care of Eastern Washington
Spokane, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the Aging and Long Term Care of Eastern Washington's financial statements and compliance with federal laws and regulations.

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

Sincerely,

JAN M. JUTTE, CPA, CGFM
ACTING STATE AUDITOR
OLYMPIA, WA

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FEDERAL SUMMARY

Aging and Long Term Care of Eastern Washington Spokane County January 1, 2014 through December 31, 2014

The results of our audit of the Aging and Long Term Care of Eastern Washington are summarized below in accordance with U.S. Office of Management and Budget Circular A-133.

Financial Statements

An unmodified opinion was issued on the financial statements of the governmental activities and each major fund.

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 Agency.

Federal Awards

Internal Control Over Major Programs:

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

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

We reported no findings that are required to be disclosed under section 510(a) of OMB Circular A-133.

Identification of Major Programs:

The following were major programs during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
93.044	Aging Cluster - Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers
93.045	Aging Cluster - Special Programs for the Aging - Title III, Part C - Nutrition Services
93.053	Aging Cluster - Nutrition Services Incentive Program

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$300,000.

The Agency qualified as a low-risk auditee under OMB Circular A-133.

**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
GOVERNMENT AUDITING STANDARDS**

**Aging and Long Term Care of Eastern Washington
Spokane County
January 1, 2014 through December 31, 2014**

Governing Board
Aging and Long Term Care of Eastern Washington
Spokane, 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 the governmental activities and each major fund of the Aging and Long Term Care of Eastern Washington, Spokane County, Washington, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated June 2, 2015.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the 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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 Agency'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 in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of the Agency's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 Agency'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 Agency'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.



JAN M. JUTTE, CPA, CGFM
ACTING STATE AUDITOR
OLYMPIA, WA

June 2, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133**

**Aging and Long Term Care of Eastern Washington
Spokane County
January 1, 2014 through December 31, 2014**

Governing Board
Aging and Long Term Care of Eastern Washington
Spokane, Washington

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM**

We have audited the compliance of the Aging and Long Term Care of Eastern Washington, Spokane County, Washington, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014. The Agency's major federal programs are identified in the accompanying Federal Summary.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Agency's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program

occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the Agency's compliance.

Opinion on Each Major Federal Program

In our opinion, the Agency 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, 2014.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Agency's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's 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 consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal

control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 OMB Circular A-133. 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.



JAN M. JUTTE, CPA, CGFM
ACTING STATE AUDITOR
OLYMPIA, WA

June 2, 2015

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Aging and Long Term Care of Eastern Washington Spokane County January 1, 2014 through December 31, 2014

Governing Board
Aging and Long Term Care of Eastern Washington
Spokane, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities and each major fund of the Aging and Long Term Care of Eastern Washington, Spokane County, Washington, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed on page 14.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the financial statements 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 Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Aging and Long Term Care of Eastern Washington, as of December 31, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 20 and budgetary comparison information on pages 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. This schedule is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2015 on our consideration of the Agency's internal control over financial reporting and on our 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 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 Agency's internal control over financial reporting and compliance.



JAN M. JUTTE, CPA, CGFM

ACTING STATE AUDITOR

OLYMPIA, WA

June 2, 2015

FINANCIAL SECTION

Aging and Long Term Care of Eastern Washington Spokane County January 1, 2014 through December 31, 2014

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2014

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2014

Statement of Activities – 2014

Balance Sheet – Governmental Funds – 2014

Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental
Funds – 2014

Notes to Financial Statements – 2014

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule – Governmental Funds – 2014

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2014

Notes to the Schedule of Expenditures of Federal Awards – 2014

AGING AND LONG TERM CARE OF EASTERN WASHINGTON

Management's Discussion and Analysis

For the Year Ended December 31, 2014

We offer this narrative overview and analysis of the financial activities for the year ended December 31, 2014. We present this information in conjunction with the information included in our financial statements, which follow.

Financial Highlights

- The assets of Aging and Long Term Care of Eastern Washington (ALTCEW) exceeded its liabilities by \$669,750 (reported as total net position). Of this amount, \$610,047 is unrestricted and may be used to meet ALTCEW's ongoing obligations to citizens and creditors.
- ALTCEW's total net position increased by \$186,437.
- At the end of the year, ALTCEW's total fund balance for the governmental funds was \$933,827. Of this amount, all but \$51,023 was available to spend.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to ALTCEW's basic financial statements. ALTCEW's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, this report also contains other supplementary information.

ALTCEW has only governmental funds; it does not operate any activities that would be defined as either proprietary funds or fiduciary funds.

Government-wide financial statements – The government-wide financial statements are designed to provide readers with a broad overview of ALTCEW's finances, in a manner similar to a private sector business.

The statement of net position presents information on all of ALTCEW's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of ALTCEW is improving or deteriorating.

The statement of activities presents information showing how ALTCEW's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future periods (e.g. uncollected revenues and earned but unused vacation and sick leave).

Fund financial statements – A fund is a grouping of related accounts used to maintain control over resources that are segregated for specific activities or objectives. ALTCEW, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of ALTCEW are considered to be governmental funds.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund statements focus on near-term inflows and outflows of spendable resources, as

well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of ALTCEW's financial position. The assets of ALTCEW exceeded liabilities by \$669,750 (reported as total net position). Of this amount, \$610,047 was reported as unrestricted net position. Unrestricted net position represents the amount available to be used to meet ALTCEW's ongoing obligations to citizens and creditors.

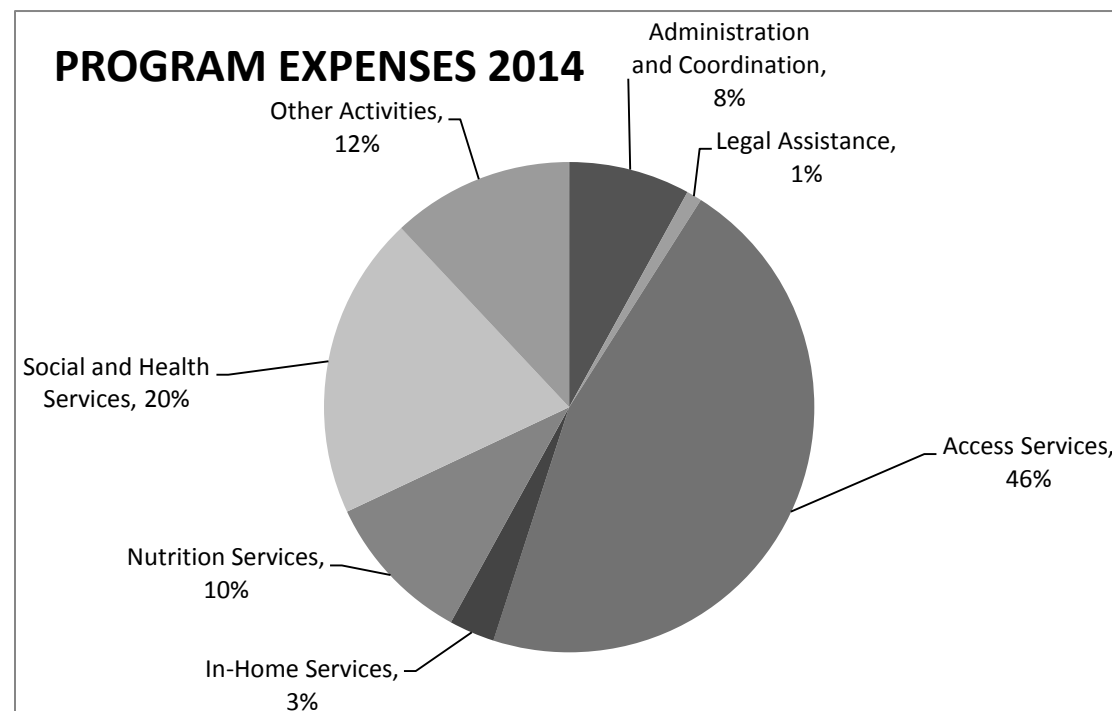
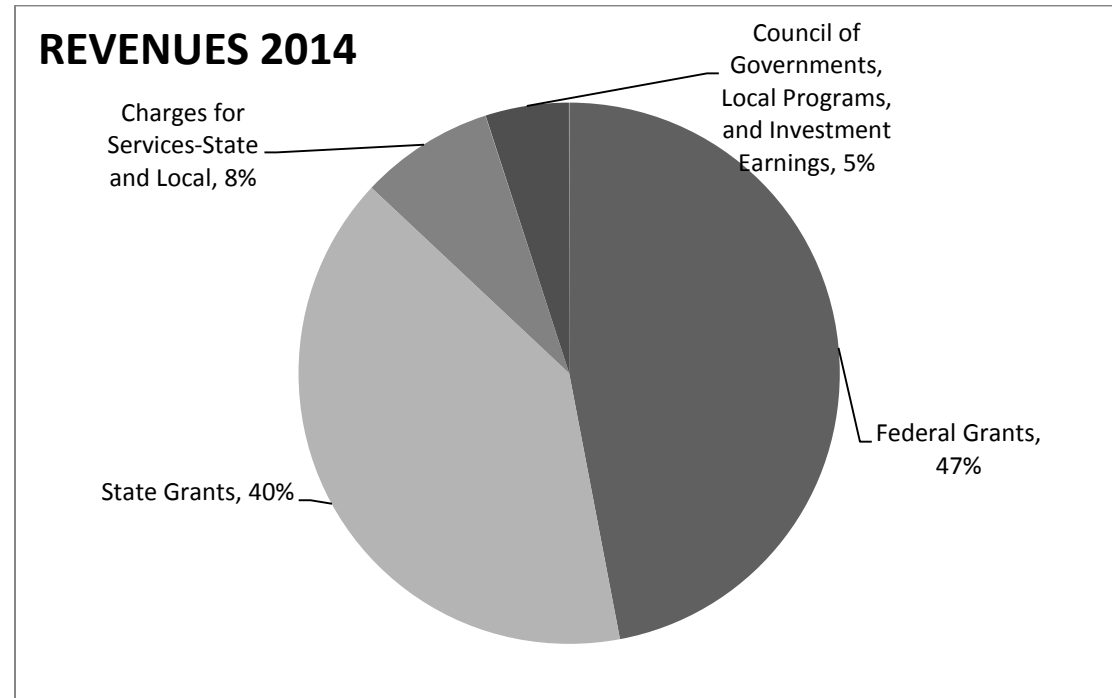
A condensed summary of ALTCEW's net position at December 31, 2014 is shown below.

	2014	2013	Amount Increase (Decrease)
Assets			
Current and Other Assets	\$3,198,404	3,542,067	(343,663)
Capital Assets (Depreciable-net)	59,703	1,950	57,753
Total Assets	<u>\$3,258,107</u>	<u>3,544,017</u>	<u>(285,910)</u>
Liabilities			
Current Liabilities	\$2,264,577	2,753,329	(488,752)
Non-current Liabilities	323,780	307,375	16,405
Total Liabilities	<u>\$2,588,357</u>	<u>3,060,704</u>	<u>(472,347)</u>
Net Position			
Investment in Capital Assets	\$ 59,703	1,950	57,753
Unrestricted	610,047	481,363	128,684
Total Net Position	<u>\$ 669,750</u>	<u>483,313</u>	<u>186,437</u>

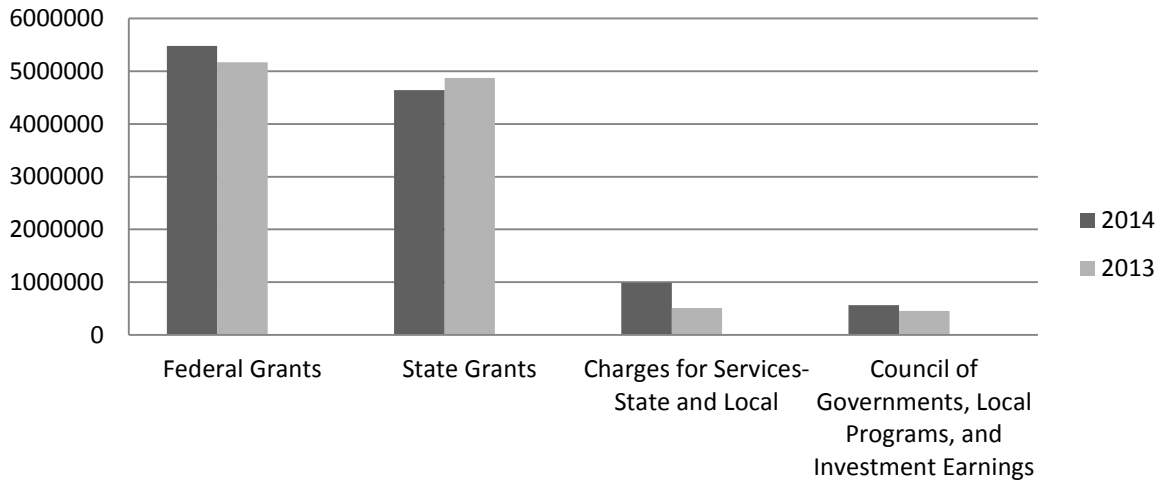
Current and other assets consist primarily of cash, cash equivalents, investments, and accounts receivable from governments. Current liabilities consist of accounts payable, accrued expenses, and the advance from Department of Social and Health Services (DSHS). Non-current liabilities consist of accrued vacation and sick leave. The increase in net position reflects the excess of revenue over expenditures as detailed in the following schedule.

an increase in charges for services for Care Transitions Intervention and Health Homes, and an increase from local caregiver training classes.

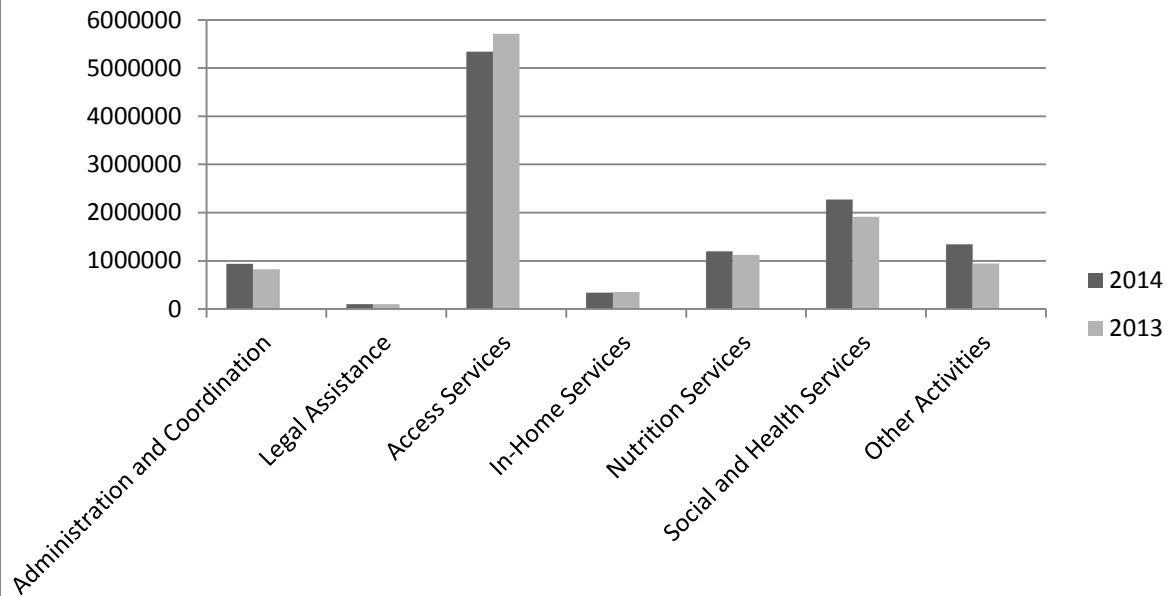
Access Services expenses decreased partially due to discontinuation of the Chronic Care Management grant and partially due to a decrease in Title XIX direct and subcontracted expenses. Social and Health Services expenses increased primarily for Care Transitions Intervention and Health Homes programs, but there was also a decrease in Family Caregiver Support expenses. Expenses for Other Activities increased for National Institutes of Health study and local caregiver training classes.



REVENUES - 2014 AND 2013 COMPARISON



EXPENSES - 2014 AND 2013 COMPARISON



Financial Analysis of the Governmental Funds Financial Statements

The general fund is the only operating fund of ALTCEW. At December 31, 2014, the general fund balance was \$933,827. Of this amount, all but \$51,023 is available to spend. The general fund balance increased by \$145,089. The difference of \$264,077 between government-wide net position and governmental general fund balance is described on the Balance Sheet – Governmental Funds.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements.

Other required information – In addition to this discussion and analysis, these reports also present required supplementary information on budgetary comparisons.

Budgetary Highlights

Area Plan public hearings are held each June or July to gain public input from each of the three sub-regions. Proposed allocations to each of the subcontractors, by program and funding source for discretionary funds, are presented for review. Budgets are requested in August from the subcontractors for each program area including both discretionary and non-discretionary funding. This information is used to prepare contracts with a January 1 start date. All funding is subject to change depending on final allocations of state and federal funds. Final initial allocations of state and federal funds are known by May 1 or later after carryover is determined from the prior year. If additional funding becomes available, contract amendments are prepared and approved as needed.

The budgetary comparison schedule is located after the notes to the financial statements. Differences between the original budget and the final budget reflect adjustments to incorporate changes in available funding for specific activities. Federal funds not used at December 31, 2014, can likely be carried over to 2015. Unused state funds are available for use until June 30, 2015.

Long Term Debt

Noncurrent liabilities consist of accrued vacation and sick leave of \$323,780 at December 31, 2014. ALTCEW had no long term debt during 2014 or as of December 31, 2014.

Capital Assets

ALTCEW's investment in capital assets at December 31, 2014, is \$59,703, net of accumulated depreciation. This investment is in leasehold improvements and office equipment. ALTCEW has no other types of capital assets.

Requests for Information

This financial report is designed to provide a general overview of ALTCEW's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Business and Contracts Management Director, 1222 N. Post Street, Spokane, WA, 99201-2518.

AGING AND LONG TERM CARE OF EASTERN WASHINGTON
Statement of Net Position
December 31, 2014

	<u>Governmental Activities</u>
ASSETS	
Cash, cash equivalents, and investments	\$ 1,889,631
Accounts receivable from governments	1,086,007
Other accounts receivable	171,743
Prepaid expenses	51,023
Capital assets, net of accumulated depreciation	59,703
Total Assets	<u><u>\$ 3,258,107</u></u>
LIABILITIES	
Accounts payable and accrued expenses	\$ 563,366
Due to other governments - DSHS advance	1,701,211
Noncurrent liabilities - due in more than one year:	
Accrued vacation and sick leave	323,780
Total Liabilities	<u><u>\$ 2,588,357</u></u>
NET POSITION	
Net investment in capital assets	\$ 59,703
Unrestricted	610,047
Total Net Position	<u><u>\$ 669,750</u></u>

AGING AND LONG TERM CARE OF EASTERN WASHINGTON
Statement of Activities
For the Year Ended December 31, 2014

		Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for	Operating Grants and Contributions	Governmental Activities	Total
FUNCTIONS/PROGRAMS	<u>Expenses</u>	<u>Services</u>			
<i>Governmental Activities:</i>					
General Government	\$ 449,916	551,910	-	101,994	101,994
Social Services	<u>11,035,974</u>	<u>990,762</u>	<u>10,118,107</u>	<u>72,895</u>	<u>72,895</u>
Total Government	\$ 11,485,890	1,542,672	10,118,107	174,889	174,889
 GENERAL REVENUES					
Investment earnings				<u>11,548</u>	<u>11,548</u>
 Change in Net Assets				186,437	186,437
 Net Position, beginning of year					<u>483,313</u>
 Net Position, end of year					<u><u>\$ 669,750</u></u>

AGING AND LONG TERM CARE OF EASTERN WASHINGTON
Balance Sheet
Governmental Funds
December 31, 2014

	<u>General Fund</u>
ASSETS	
Cash, cash equivalents, and investments	\$ 1,889,631
Accounts receivable from governments	1,086,007
Other accounts receivable	171,743
Prepaid expenses	51,023
Total Assets	<u>\$ 3,198,404</u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts payable and accrued expenses	\$ 563,366
Due to other governments - DSHS advance	1,701,211
Total Liabilities	<u>2,264,577</u>
GENERAL FUND BALANCE	
Nonspendable (Prepaid expenses)	\$ 51,023
Assigned To:	
Leave buyback	50,000
Emergency for services	25,000
Equipment maintenance	10,000
Equipment replacement	10,000
Unassigned	787,804
Total General Fund Balance	<u>933,827</u>
Total Liabilities and General Fund Balance	<u>\$ 3,198,404</u>
Fund Balance reported above	\$ 933,827
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds.	59,703
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(323,780)
Net position of governmental activities	<u>\$ 669,750</u>

AGING AND LONG TERM CARE OF EASTERN WASHINGTON
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2014

	<u>General Fund</u>
REVENUES	
Intergovernmental	
Operating Grants and Contributions - Social Services	\$ 10,118,107
Charges For Services - Social Services	990,762
Charges For Services - General Government	<u>83,037</u>
	11,191,906
Investment Earnings	11,548
Other	<u>468,873</u>
Total Revenues	<u>11,672,327</u>
EXPENDITURES	
Social Services	11,012,038
Capital Outlays	65,284
Other	<u>449,916</u>
Total Expenditures	<u>11,527,238</u>
Excess of Revenues over Expenditures	145,089
Fund balance, beginning of year	<u>788,738</u>
Fund balance, end of year	<u><u>\$ 933,827</u></u>
Net change in fund balance for governmental funds	\$ 145,089
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. In the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives.	
Capital outlays	65,284
Depreciation	(7,531)
Compensated absences	<u>(16,405)</u>
Change in net position of governmental activities	<u><u>\$ 186,437</u></u>

AGING AND LONG TERM CARE OF EASTERN WASHINGTON
Notes to Financial Statements
December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Aging and Long Term Care of Eastern Washington (ALTCEW) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

A. Reporting Entity

ALTCEW was formed in January 1978 by execution of an Interlocal Government Cooperation Agreement pursuant to Revised Code of Washington 35.21.730 through 35.21.755.

ALTCEW operates as a single purpose Council of Governments entity to provide services to City of Spokane, Spokane County, Whitman County, Stevens County, Pend Oreille County and Ferry County. The Governing Board, which governs ALTCEW, is composed of one County Commissioner from each of the five counties in the Public Service Area, three representatives of the City of Spokane, and one ex-officio member - the chairperson of the Planning and Management Council. As required by GAAP, the financial statements include the financial position and results of operations of all funds controlled by ALTCEW.

B. Related Parties

ALTCEW has identified the following related parties:

- Washington Department of Social and Human Services (DSHS) – Provides legal authority to operate. Also DSHS is the major source of funding.
- City of Spokane – Member of the Interlocal Government Agreement that formed ALTCEW. Provides three members of the Governing Board of Directors. City of Spokane also provides legal services and annual funding as stipulated by the Interlocal Agreement.
- Spokane County - Member of the Interlocal Government Agreement that formed ALTCEW. Provides one member of the Governing Board of Directors. Also provides annual funding as stipulated by the Interlocal Agreement.
- Ferry County - Member of the Interlocal Government Agreement that formed ALTCEW. Provides one member of the Governing Board of Directors. Also provides annual funding as stipulated by the Interlocal Agreement.
- Stevens County - Member of the Interlocal Government Agreement that formed ALTCEW. Provides one member of the Governing Board of Directors. Also provides annual funding as stipulated by the Interlocal Agreement.
- Pend Oreille County - Member of the Interlocal Government Agreement that formed ALTCEW. Provides one member of the Governing Board of Directors. Also provides annual funding as stipulated by the Interlocal Agreement.
- Whitman County - Member of the Interlocal Government Agreement that formed ALTCEW. Provides one member of the Governing Board of Directors. Also provides annual funding as stipulated by the Interlocal Agreement.

All revenue and expenditure amounts with related parties are for services provided, services or goods received or contracted obligations.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Governmental activities are supported by intergovernmental revenues. ALTCEW does not have any business type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. ALTCEW's policy is to allocate indirect costs to a specific function or segment. Program revenues include: 1) reimbursement due from Aging and Long Term Support Administration (AL TSA) for programs as listed in Note #7 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Separate fund financial statements are provided for governmental funds.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements expenditures are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose ALTCEW considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgment are recorded only when payment is due.

There is only one governmental fund – the general fund. The general fund is ALTCEW's operating fund. It accounts for all financial resources of the general government.

E. Budgetary Information

ALTCEW's budget requirements are mandated by AL TSA. The budget as adopted constitutes the legal authority for expenditures. Most of ALTCEW's appropriations lapse at the end of the calendar year, but there are many which have fiscal years that end on June 30. ALTCEW re-budgets these funds for the subsequent year.

Transfers or revisions are generally allowed up to a total of 10% of the grant amount; however, AL TSA must approve supplemental or additional appropriations.

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year and approved by ALTCEW's governing board.

The financial statements contain the original and final budget information. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes applicable for the year.

F. Assets, Liabilities and Equities

1. Cash, Cash Equivalents and Investments

Investments are in the custody of the county treasurer. In this capacity, the county treasurer receives deposits and transacts investments on ALTCEW's behalf. It is ALTCEW's policy to invest all cash. All surplus funds are invested in the Spokane County Investment Pool (SCIP).

At December 31, 2014, the Treasurer was holding \$1,589,531 in ALTCEW investments in the SCIP. All funds are in short term investments and are stated at cost, which is market value, and classified as cash, cash equivalents, and investments in the financial statements.

The Agency's cash deposits are held by Spokane County and are entirely 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.

As required by state law, all investments of ALTCEW's funds are obligations of the U.S. Government of the State Treasurer's Investment Pool.

ALTCEW has established an imprest payroll account at Washington Trust Bank, used for payroll, Care Transitions Intervention, Health Homes, and caregiver training credit card transactions. These funds are covered by FDIC.

2. Receivables

Accounts receivable from governments are primarily from ALTSA.

Other accounts receivable consist of amounts owed from individuals or organizations for services rendered.

3. Prepaid Expenses

ALTCEW accounts for prepaid expenses using the consumption method. The purchase is reported as an asset and the recognition of the expenditure is deferred until the period in which the expense is actually incurred.

4. Capital Assets (See Note 2)

Capital assets, primarily leasehold improvements and office equipment, are reported in the government-wide financial statements. Capital assets are defined by ALTCEW as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Costs for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the asset. The costs for normal maintenance and repairs are not capitalized.

Leasehold improvements are typically depreciated over the remaining term of the lease. Office equipment is typically depreciated using the straight line method with an estimated useful life of six years.

5. Deferred Outflows/Inflows of Resources (GASB Statement No. 65)

In addition to assets and liabilities, the statement of net position will sometimes report separate sections for deferred outflows and inflows of resources. These separate financial statement elements, *deferred outflow and inflow of resources*, represents an acquisition or consumption of net position that applies to a future period(s) and so will not be recognized as an outflow (expense/expenditures) or an inflow of resources (revenue) until that time. By definition ALTCEW has no source that qualifies for reporting in these categories for 2014.

6. Due to Other Governments – DSHS

This is due to DSHS for a two-month working capital advance of service dollars.

7. Compensated Absences

Compensated absences are absences for which employees could be paid, such as vacation and sick leave. Vacation leave may be accumulated up to 225 hours and is payable upon resignation, retirement or death. At December 31, 2014, recorded accumulated vacation leave is \$167,476. Sick leave may be accumulated up to 900 hours and one-half is payable upon retirement or death. At December 31, 2014, one-half recorded accumulated sick leave is \$156,304. Total recorded accumulated leave benefits are \$323,780.

8. Fund Balance Classification

The fund balance amounts for governmental funds have been classified in accordance with GASB Statement No. 54. Statement No. 54 addresses the usefulness of fund balance information by providing clearer fund balance classifications based on authoritative hierarchy constraints on use imposed by government itself and focuses on the sources of those constraints and the intended purposes of those financial resources reported in the governmental funds. Fund balance amounts are classified as nonspendable, restricted, committed, assigned, or unassigned.

Nonspendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term amount of loans/notes receivable, or property acquired for resale unless those proceeds are restricted, committed or assigned) and activity that is legally or contractually required to be maintained intact, such as a principal balance in a permanent fund.

Restricted fund balances have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Committed fund balances can be used only for specific purposes pursuant to constraints imposed by a formal action of the Board, the Agency's highest level of decision-making authority.

Assigned fund balance includes amounts that are constrained by ALTCEW's intent to be used for a specific purpose, but are neither restricted nor committed. The authority for making an assignment is not required to be the government's highest level of decision-making authority.

Unassigned fund balance is the residual amount of the General Fund not included in the four categories described above.

ALTCEW does not have a fund balance spending prioritization policy. Therefore, restricted resources are used first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

NOTE 2 - TITLE TO CAPITAL ASSETS

In accordance with grant requirements, ALTCEW has filed liens on behalf of DSHS for all capital assets costing more than \$5,000 that it acquired with grant funds. Legal title, therefore, may vest in DSHS for a percentage of the capital assets.

Capital assets activity for the year ended December 31, 2014 was as follows:

Governmental Activities:	Balance			Balance
	01/01/2014	Increases	Decreases	12/31/2014
Capital assets being depreciated:				
Leasehold improvements	\$ -	40,418	-	40,418
Office equipment	59,804	24,866		84,670
Total capital assets being depreciated	\$ 59,804	65,284	-	125,088
Less accumulated depreciation for:				
Leasehold improvements	\$ -	2,127		2,127
Office equipment	57,854	5,404		63,258
Total accumulated depreciation	\$ 57,854	7,531	-	65,385
Total capital assets being depreciated, net	\$ 1,950	57,753	-	59,703
Governmental activities capital assets, net	\$ 1,950	57,753	-	59,703

NOTE 3 - PENSION PLANS

Substantially all ALTCEW full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380; or it may be downloaded from the DRS website at www.drs.wa.gov. The following disclosures are made pursuant GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers* and No. 50, *Pension Disclosures, an Amendment of GASB Statements No. 25 and No. 27*.

Public Employees' Retirement System (PERS) Plans 1, 2 and 3Plan Description

The Legislature established PERS in 1947. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals and Superior courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees not participating in national higher education retirement programs; judges of district and municipal courts; and employees of local governments. PERS retirement benefit provisions are established in Chapters 41.34 and 41.40 RCW and may be amended only by the State Legislature.

PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component.

PERS members who joined the system by September 30, 1977, are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercised an option to transfer their membership to Plan 3. PERS members joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. Notwithstanding, PERS Plan 2 and Plan 3 members may opt out of plan membership if terminally ill, with less than five years to live.

PERS Plan 1 and Plan 2 defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions.

PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement at any age after 30 years of service, or at age 60 with five years of service or at age 55 with 25 years of service. The monthly benefit is two percent of the average final compensation (AFC) per year of service. (The AFC is the monthly average of the 24 consecutive highest-paid service credit months.) The retirement benefit may not exceed 60 percent of AFC. The monthly benefit is subject to a minimum for PERS Plan 1 retirees who have 25 years of service and have been retired 20 years, or who have 20 years of service and have been retired 25 years. Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits. If a survivor option is chosen, the benefit is further reduced. A cost-of-living allowance (COLA) was granted at age 66 based upon years of services times the COLA amount. This benefit was eliminated by the Legislature, effective July 1, 2011. Plan 1 members may elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced. PERS Plan 1 provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity payable to the age of 60. The allowance amount is \$350 a month, or two-thirds of the monthly AFC, whichever is less. The benefit is reduced by any workers' compensation benefit and is payable as long as the member remains disabled or until the member attains the age of 60. A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the allowance amount is two percent of the AFC for each year of service reduced by two percent for each year that the member's age is less than 55. The total benefit is limited to 60 percent of the AFC and is actuarially reduced to reflect the choice of a survivor option. A cost-of living allowance was granted at age 66 based upon years of service times the COLA amount. This benefit was eliminated by the Legislature, effective July 1, 2011. Plan 1 members may elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 members can receive credit for military service. Members can also purchase up to 24 months of service credit lost because of an on-the-job injury.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is two percent of the AFC per year of service. (The AFC is the monthly average of the 60 consecutive highest-paid service months.)

Plan 2 members who have at least 20 years of service credit and are 55 years of age or older are eligible for early retirement with a reduced benefit. The benefit is reduced by an early retirement factor (ERF) that varies according to age, for each year before age 65.

Plan 2 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by 3 percent for each year before age 65.
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2 retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

The surviving spouse or eligible child or children of a PERS Plan 2 member who dies after leaving eligible employment having earned ten years of service credit may request a refund of member's accumulated contributions.

Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides a monthly benefit that is one percent of the AFC per year of service. (The AFC is the monthly average of the 60 consecutive highest-paid service months.)

Effective June 7, 2006, PERS Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service, if twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan.

Vested Plan 3 members are eligible for normal retirement at age 65, or they may retire early with the following conditions and benefits:

- If they have at least ten service credit years and are 55 years old, the benefit is reduced by an ERF that varies with age, for each year before age 65.
- If they have 30 service credit years and are at least 55 years old, they have the choice of a benefit that is reduced by 3 percent for each year before age 65, or a benefit with a smaller (or no) reduction factor (depending on age) that imposes stricter return-to-work rules.

PERS Plan 3 defined benefit retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option. There is no cap on years of service credit and Plan 3 provides the same cost-of-living allowance as Plan 2.

PERS Plan 3 defined contribution retirement benefits are solely dependent upon the results of investment activities.

The defined contribution portion can be distributed in accordance with an option selected by the member, either as lump sum or pursuant to other options authorized by the Director of the Department of Retirement Systems.

PERS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 monthly benefit amount is two percent of the AFC per year of service. For Plan 3, the monthly benefit amount is one percent of the AFC per year of service.

These disability benefit amounts are actuarially reduced for each year that the member's age is less than 65, and to reflect the choice of a survivor option. There is no cap on years of service credit, and a cost-of-living allowance is granted (based on the Consumer Price Index) capped at 3 percent annually.

PERS Plan 2 and Plan 3 members may have up to ten years of interruptive military service credit; five years at no cost and five years that may be purchased by paying the required contributions. Effective July 24, 2005, a member who becomes totally incapacitated for continued employment while serving the uniformed services, or a surviving spouse or eligible children, may apply for interruptive military service credit. Additionally, PERS Plan 2 and Plan 3 members can also purchase up to 24 months of service credit lost because of an on-the-job injury.

PERS members may also purchase up to five years of additional service credit once eligible for retirement. This credit can only be purchased at the time of retirement and can be used only to provide the member with a monthly annuity that is paid in addition to the member's retirement benefit.

Beneficiaries of a PERS Plan 2 or Plan 3 member with ten years of service who is killed in the course of employment receive retirement benefits without actuarial reduction, if the member was not at normal retirement age at death. This provision applies to any member killed in the course of employment, on or after June 10, 2004, if found eligible by the Department of Labor and Industries.

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a PERS member who dies in the line of service as a result of injuries sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of said member's covered employment, if found eligible by the department of Labor and Industries.

ALTCEW had three Plan 1 members, fifty-nine Plan 2 members and four Plan 3 members as of December 31, 2014. There are 1,319 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2014.

	<u>Number</u>
Retirees and Beneficiaries Receiving Benefits	150,271
Terminated Plan Members Entitled to but not yet Receiving Benefits	53,405
Active Plan Members Vested	202,877
Active Plan Members Non-vested	<u>88,468</u>
Total	495,021

ALTCEW's covered payroll for PERS employees for 2014 is \$2,972,895. Total payroll for all employees for ALTCEW for 2014 is \$3,106,245.

Funding Policy

Each biennium, the State Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan and member contributions finance the defined contribution portion. The Plan 3 employee contribution rates range from, 5 percent to 15 percent, based on member choice. Two of the options are graduated rates dependent on the employee's age. As a result of the implementation of the Judicial Benefit Multiplier (JBM) Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program.

The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.40 and 41.45 RCW. ALTCEW's required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2014, are as follows:

Members Not Participating in JBM:

	PERS PLAN 1	PERS PLAN 2	PERS PLAN 3
*Employer:	9.21%**	9.21%**	9.21%***
Employee:	6.00%****	4.92%****	*****

* The employer rates include the employer administrative expense fee currently set at 0.16%.

** The employer rate for state elected officials is 13.73% for Plan 1 and 9.21% for Plan 2 and Plan 3.

*** Plan 3 defined benefit portion only.

**** The employee rate for state elected officials is 7.50% for Plan 1 and 4.92% for Plan 2.

***** Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

Both ALTCEW and the employees made the required contributions. ALTCEW's required contributions for the years ending December 31 were as follows:

	<u>PERS PLAN 1</u>	<u>PERS PLAN 2</u>	<u>PERS PLAN 3</u>
2014	\$16,586	\$238,612	\$18,521
2013	\$14,457	\$191,501	\$15,051
2012	\$12,782	\$170,120	\$7,210

NOTE 4 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions.

NOTE 5 - RISK MANAGEMENT

The Agency is a member of Enduris. Chapter 48.62 RCW provides the exclusive source of local government entity authority to individually or jointly self-insure risks, jointly purchase insurance or reinsurance, and to contract for risk management, claims, and administrative services. Enduris was formed July 10, 1987 pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW, Two (2) counties and two (2) cities in the State of Washington joined together by signing an Interlocal Governmental Agreement to fund their self-insured losses and jointly purchase insurance and administrative services. Currently there are over 491 Enduris members representing a broad array of special purpose districts throughout the state.

Enduris members share in the self-insured retention, jointly purchase excess and/or reinsurance coverage and provide risk management services and other related administrative services. Enduris provides "per occurrence" based policies for all lines of liability coverage including "Public Official's Liability. The Property coverage is written on an "all risk" blanket basis using current Statement of Values. The Property coverage includes but is not limited to mobile equipment, electronic data processing equipment, business interruption, course of construction and additions, property in transit, fine arts, and automobile physical damage to insured vehicles. Boiler and machinery coverage is included on a blanket limit of \$100 million for all members. Enduris offers crime coverage up to a limit of \$1,000,000 per occurrence.

Members make an annual contribution to fund Enduris. Enduris acquires insurance from unrelated insurance companies that is subject to a "per occurrence" basis:

- \$1,000,000 deductible on liability loss – the member is responsible for the first \$1,000 of the deductible amount of each claim, while Enduris is responsible for the remaining \$999,000 on liability loss.
- \$250,000 deductible on property loss – the member is responsible for the first \$1,000 of the deductible amount of each claim, while Enduris is responsible for the remaining \$249,000 on property loss.
- Enduris is responsible for the \$4,000 deductible on boiler and machinery loss.

Insurance carriers cover all losses over the deductibles as shown to the policy maximum limits. Since Enduris is a cooperative program, there is a joint liability among the participating members.

The contract requires members to continue membership for a period of not less than one year and must give notice 60 days before terminating participation. The Master Agreement (Intergovernmental Contract) is automatically renewed after the initial one full fiscal year commitment. Even after termination, a member is still responsible for contribution to Enduris for any unresolved, unreported and in-process claims for the period they were a signatory to the Master Agreement.

Enduris is fully funded by its member participants. Claims are filed by members with Enduris, and are administered in house.

A Board of Directors consisting of seven board members governs Enduris. Its members elect the Board and the positions are filled on a rotating basis. The Board meets quarterly and is responsible for conducting the business affairs of Enduris.

NOTE 6 - CONTINGENCIES AND LITIGATIONS

ALTCEW participates in a number of federal and state-assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. ALTCEW's financial statements include all material liabilities. There are no material contingent liabilities to record.

NOTE 7 - DESCRIPTIONS OF PROGRAMS REVENUE SOURCES USED TO PROVIDE SERVICES

FEDERAL PROGRAMS

All people over age 60 are eligible for services provided through the Older Americans Act. The program is aimed at serving low-income, frail and isolated elderly, and others most in need of services. Programs under the Older Americans Act are identified by title, as follows:

Title III: Provides for the planning and coordinated delivery of services. Funds available to area agencies under Title III are used for programs such as access services (transportation, outreach, and information and assistance), in-home services, legal services, social and health services and congregate and home-delivered nutrition services, and family caregiver support.

Title VII: The primary purpose is to develop and enhance comprehensive and coordinated programs for the prevention and treatment of elder abuse, neglect and exploitation, consistent with relevant state law and coordinated with state adult protective service activities.

Along with Older Americans Act monies, ALTCEW receives Social Security Act Title XIX funds. Title XIX money funds the federal medical assistance program for low-income persons. These monies are used in a jointly funded state program entitled "Community Option Program Entry System" which provides case management for at-home care for elderly persons who otherwise would have to be institutionalized in a nursing home. Also, these funds are used to provide targeted case management services to Medicaid eligible elderly persons/personal care.

In July 1989, Title XIX Personal Care Program was implemented in Washington State to provide in-home personal care services to medically needy, low-income disabled individuals. ALTCEW contracts with agency providers, monitors service by agency providers, and trains individuals, adult family home, congregate care facility and agency providers. ALTCEW also provides Nursing Consultation Services in coordination with Case Management for all personal care clients in its PSA.

STATE PROGRAMS – SENIOR CITIZENS SERVICES ACT

The Senior Citizens Services Act provides a wide range of programs aimed at preventing premature or unnecessary institutionalization. Access services, including transportation, information and assistance and others, are available free of charge or on a donation only basis. To receive service from this group of programs, applicants must meet age and resource tests. To receive free services applicants must have incomes below 40 percent of the State Median Income (\$1,454 a single person, \$1,901 per couple). People with incomes above this level may be eligible for service, but must pay a portion of the cost, based on their ability to pay. The programs listed below may not be available in all parts of Washington due to differences in local priorities for use of funds.

Aging & Disability Resource Center - Information and Assistance (I & A) & General Case Management

Information and Assistance and General Case Management provides the help needed by an older person to identify and use existing community programs. This may be simple information given via a toll-free HOTLINE. Other means may include referral to other agencies, counseling, individual assessment or intensive case management.

Adult Day Care

Adult Day Care is a program of services offered on a regular recurrent basis to individuals who do not require 24-hour institutional care and yet, due to a physical, social, or mental impairment, are not capable of full-time independent living. Services provided include nursing services, social services, occupational therapy, activity therapy, personal care and nutrition. Transportation to and from the Adult Day Center is also provided.

In-Home Care Services

In-home services may include basic health care; assistance with bathing and personal hygiene; performance of various household tasks and other necessary chores, or a combination of these services.

Minor Home Repair and Maintenance Services

Minor repair and maintenance services consist of those repairs or modifications to homes, which are essential for the health and safety of older persons. Repairs address existing or potential hazards and cannot be cosmetic in nature.

STATE PROGRAMS - OTHER

Title V

Title V supplies part-time employment and training opportunities to persons age 55 and over, primarily in public service programs.

Family Caregiver Support/Kinship Caregiver Support

Family Caregiver Support and Kinship Caregiver Support are State and Federal programs designed to provide long-term care information and support services to unpaid family and other unpaid caregivers of adults with functional disabilities, by providing Information, assistance in gaining access to services, promotion and implementation of support groups, Caregiver Training, respite services, supportive services, and services to grandparents raising grandchildren.

Kinship Navigator Services

Kinship Navigator services include but are not limited to, assisting kinship caregivers, of any age, with understanding and navigating the system of services for children in out-of-home care while reducing barriers faced by kinship caregivers when accessing services. A priority shall be given to help kinship caregivers maintain their care giving role by helping them access existing services and supports, thus keeping children from entering foster care.

Home Care Referral Registry of Washington State

The Home Care Referral Registry is a program to enhance the provision of home care services by establishing a registry which will recruit new individual home care providers as well as consumers of home care services. The registry will match providers of home care services with consumers, improve retention, elevate the status and increase the knowledge of home care providers.

OTHER PROGRAMS

Caregiver Training

Caregiver Training is a program to train in-home caregivers (both agency and individual providers). The initial training is five hours of orientation and safety training and seventy (70) hours of Basic Training. In addition 12 hours of Continuing Education is an on-going annual requirement.

In addition to the Caregiver Training classes authorized by DSHS/ALTSA, ALTCEW is a private vocational school licensed under RCW Title 28C.10 and offers, among other classes, a three week Nursing Assistant Certified class. The class includes both class time and clinical time.

Care Transitions Intervention

The goal of the program is to reduce hospital readmissions for Fee for Services Medicare Beneficiaries by providing a Care Transitions Coach to patients being discharged from local hospitals. The program is funded by Medicaid.

Health Homes

Care Coordination services are provided as part of the Health Home pilot serving high-risk dual-eligible and Medicaid clients using trained social worker and nursing staff. Services include comprehensive care transitions, coordination of medical and social service supports, and assisting individuals in identifying and reaching their health goals. The program is funded and coordinated with managed care organizations.

National Institutes of Health Study

This is a three year study of chronic care management models funded by federal funds passed through from Washington State University

NOTE 8 – LEASES

Operating Leases

ALTCEW leases the office building and spaces under two noncancelable operating leases. Total cost for such leases is \$191,595 for 2014. The current and future minimum lease payments for these leases are as follows.

Year Ended	
<u>December 31</u>	
2015	\$ 193,310
2016	198,143
2017	203,097
2018	208,174
2019	213,378
Thereafter	<u>908,209</u>
TOTAL	\$ <u>1,924,311</u>

ALTCEW leases office space for caregiver training under a three year lease which can be cancelled, under certain conditions, with 135 days notice. Total cost for this lease is \$33,401 in 2014.

NOTE 9 – OTHER POSTEMPLOYMENT BENEFIT PLANS

Under GASB 43 ALTCEW does not offer post-employment benefits besides a pension. The employee has the option to fund their own post-employment benefits through Public Employees Benefit Board.

AGING AND LONG TERM CARE OF EASTERN WASHINGTON
Budgetary Comparison Schedule
Governmental Funds
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance - January 1	\$ 788,738	788,738	788,738	-
Resources (inflows):				
Federal grants	5,280,221	5,502,538	5,475,795	(26,743)
State grants	4,657,640	4,688,036	4,642,312	(45,724)
Charges for services - State and Local	768,688	893,484	990,762	97,278
Council of Governments support	86,567	83,037	83,037	-
Local programs	492,983	484,968	468,873	(16,095)
Investment earnings	12,000	12,000	11,548	(452)
Amount Available for Appropriation	11,298,099	11,664,063	11,672,327	8,264
Charges to Appropriations (outflows)				
Administration and Coordination	920,063	962,692	934,887	27,805
Legal Assistance	97,058	98,916	98,331	585
Access Services	5,408,880	5,538,046	5,341,416	196,630
In-Home Services	357,250	364,091	337,986	26,105
Nutrition Services	1,103,777	1,198,224	1,198,680	(456)
Social and Health Services	2,200,809	2,212,267	2,271,938	(59,671)
Other Activities	1,318,762	1,361,415	1,344,000	17,415
	11,406,599	11,735,651	11,527,238	208,413
Net change	(108,500)	(71,588)	145,089	216,677
Budgetary Fund Balance - December 31	\$ 680,238	717,150	933,827	216,677

**Aging and Long Term Care of Eastern Washington
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2014**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Note
				From Pass- Through Awards	From Direct Awards	Total	
Aging Cluster							
Administration For Community Living, Department Of Health And Human Services (via Washington DSHS-ALTSA)	Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	1469-93647	773,469	-	773,469	
Administration For Community Living, Department Of Health And Human Services (via Washington DSHS-ALTSA)	Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045	1469-93647	1,022,488	-	1,022,488	
Administration For Community Living, Department Of Health And Human Services (via Washington DSHS-ALTSA)	Nutrition Services Incentive Program	93.053	1469-93647	200,000	-	200,000	3
Total Aging Cluster:				1,995,957	-	1,995,957	
Medicaid Cluster							
Centers For Medicare And Medicaid Services, Department Of Health And Human Services (via Washington DSHS-ALTSA)	Medical Assistance Program	93.778	1369-78344	1,300,545	-	1,300,545	3
Centers For Medicare And Medicaid Services, Department Of Health And Human Services (via Washington DSHS-ALTSA)	Medical Assistance Program	93.778	1469-14548	1,299,162	-	1,299,162	3
Centers For Medicare And Medicaid Services, Department Of Health And Human Services (via Washington DSHS-ALTSA)	Medical Assistance Program	93.778	1369-80539	32,127	-	32,127	3
Centers For Medicare And Medicaid Services, Department Of Health And Human Services (via Washington DSHS-ALTSA)	Medical Assistance Program	93.778	1469-17064	34,004	-	34,004	3
Total Medicaid Cluster:				2,665,838	-	2,665,838	
Other Programs							
Food And Nutrition Service, Department Of Agriculture (via Washington DSHS-ALTSA)	Senior Farmers Market Nutrition Program	10.576	1369-78344	19,944	-	19,944	
Employment Training Administration, Department Of Labor (via Washington DSHS-ALTSA)	Senior Community Service Employment Program	17.235	1369-78344	77,586	-	77,586	3
Employment Training Administration, Department Of Labor (via Washington DSHS-ALTSA)	Senior Community Service Employment Program	17.235	1469-14548	73,565	-	73,565	3
Total CFDA 17.235:				151,151	-	151,151	
Administration For Community Living, Department Of Health And Human Services (via Washington DSHS-ALTSA)	Special Programs for the Aging_Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	1469-93647	2,000	-	2,000	3
Administration For Community Living, Department Of Health And Human Services (via Washington DSHS-ALTSA)	Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services	93.043	1469-93647	34,566	-	34,566	
Administration For Community Living, Department Of Health And Human Services (via Washington DSHS-ALTSA)	National Family Caregiver Support, Title III, Part E	93.052	1469-93647	287,304	-	287,304	3

**Aging and Long Term Care of Eastern Washington
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2014**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Note
				From Pass- Through Awards	From Direct Awards	Total	
Administration For Community Living, Department Of Health And Human Services (via Washington DSHS-ALTSA)	Medicare Enrollment Assistance Program	93.071	1369-92786	21,999	-	21,999	
Administration For Community Living, Department Of Health And Human Services (via Washington DSHS-ALTSA)	Medicare Enrollment Assistance Program	93.071	1469-28504	7,785	-	7,785	
Total CFDA 93.071:				29,784	-	29,784	
Administration For Community Living, Department Of Health And Human Services (via Washington DSHS-ALTSA)	Affordable Care Act – Aging and Disability Resource Center	93.517	1369-78477	49,914	-	49,914	
Centers For Medicare And Medicaid Services, Department Of Health And Human Services (via Washington DSHS to Better Health Together)	State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	93.525	BHT 2013 25#	13,651	-	13,651	
Centers For Medicare And Medicaid Services, Department Of Health And Human Services (via Washington DSHS-ALTSA)	Affordable Care Act Implementation Support for State Demonstrations to Integrate Care for Medicare-Medicaid Enrollees	93.628	1469-14548	28,828	-	28,828	
Administration For Community Living, Department Of Health And Human Services (via Washington DSHS-ALTSA)	Empowering Older Adults and Adults with Disabilities through Chronic Disease Self-Management Education Programs – financed by Prevention and Public Health Funds (PPHF)	93.734	1269-63926/21130914	9,892	-	9,892	3
Centers For Medicare And Medicaid Services, Department Of Health And Human Services (via Washington DSHS-ALTSA)	Money Follows the Person Rebalancing Demonstration	93.791	1369-78344	9,797	-	9,797	3
Centers For Medicare And Medicaid Services, Department Of Health And Human Services (via Washington DSHS-ALTSA)	Money Follows the Person Rebalancing Demonstration	93.791	1469-14548	11,187	-	11,187	3
Centers For Medicare And Medicaid Services, Department Of Health And Human Services (via Washington DSHS-ALTSA)	Money Follows the Person Rebalancing Demonstration	93.791	1369-80539	146	-	146	3
Centers For Medicare And Medicaid Services, Department Of Health And Human Services (via Washington DSHS-ALTSA)	Money Follows the Person Rebalancing Demonstration	93.791	1469-17064	167	-	167	3
Total CFDA 93.791:				21,297	-	21,297	
National Institutes Of Health, Department Of Health And Human Services (via National Institutes of Health to Washington State University)	Aging Research	93.866	118083 G003245	165,669	-	165,669	
Total Federal Awards Expended:				5,475,795	-	5,475,795	

AGING & LONG TERM CARE OF EASTERN WASHINGTON
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2014

NOTE 1 - Basis of Accounting

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

NOTE 2 - Program Costs

The amounts shown as current year expenditures represent only the federal portion of the program costs. Entire program costs, including the agency's portion, may be more than shown.

NOTE 3: Amounts Awarded to Subrecipients

Included in the total amount expended for these programs is \$3,203,239 that was passed through to subrecipients that administered their own projects.

NOTE 4: Program Income

The amount of project income applied against grant costs before requesting additional grant funding for OAA programs (Transportation IIIB and Nutrition III C) is \$294,963.

ABOUT THE STATE AUDITOR'S OFFICE

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

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

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We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

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