



Office of the Washington State Auditor
Pat McCarthy

**Financial Statements and Federal Single Audit
Report**

**Southeast Washington Aging and Long
Term Care Council of Governments
(Aging and Long Term Care)**

For the period January 1, 2019 through December 31, 2019

Published September 17, 2020

Report No. 1026967





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

September 17, 2020

Board of Commissioners
Aging and Long Term Care
Yakima, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the Aging and Long Term Care 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,

Pat McCarthy
State Auditor
Olympia, WA

Americans with Disabilities

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Aging and Long Term Care January 1, 2019 through December 31, 2019

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of the Aging and Long Term Care 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 financial statements of the governmental activities and each major fund in accordance with accounting principles generally accepted in the United States of America (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 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 in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs

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

<u>CFDA No.</u>	<u>Program or Cluster 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 the Uniform Guidance, was \$750,000.

The Agency qualified as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

**INDEPENDENT AUDITOR'S REPORT 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
January 1, 2019 through December 31, 2019**

Board of Commissioners
Aging and Long Term Care
Yakima, 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, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated September 11, 2020.

As discussed in Note 13 to the financial statements, in February 2020, a state of emergency was declared that could have a negative financial effect on the Agency.

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.

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Pat McCarthy

State Auditor

Olympia, WA

September 11, 2020

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH THE UNIFORM GUIDANCE**

**Aging and Long Term Care
January 1, 2019 through December 31, 2019**

Board of Commissioners
Aging and Long Term Care
Yakima, Washington

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

We have audited the compliance of the Aging and Long Term Care, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended December 31, 2019. The Agency's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards 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 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). Those standards and the Uniform Guidance 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, 2019.

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 the Uniform Guidance, 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 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.

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Pat McCarthy

State Auditor

Olympia, WA

September 11, 2020

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Aging and Long Term Care January 1, 2019 through December 31, 2019

Board of Commissioners
Aging and Long Term Care
Yakima, 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, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed on page 16.

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.

Opinions

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, as of December 31, 2019, 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.

Matters of Emphasis

As discussed in Note 13 to the financial statements, in February 2020, a state of emergency was declared that could have a negative financial effect on the Agency. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed on page 16 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 as a whole. 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). 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 September 11, 2020 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.

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Pat McCarthy

State Auditor

Olympia, WA

September 11, 2020

FINANCIAL SECTION

Aging and Long Term Care January 1, 2019 through December 31, 2019

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2019

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2019

Statement of Activities – 2019

Balance Sheet – Governmental Funds – 2019

Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental
Funds – 2019

Notes to Financial Statements – 2019

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the Total OPEB Liability and Related Ratios – 2019

Schedule of Proportionate Share of Net Pension Liability – PERS 1 and PERS 2/3 – 2019

Schedule of Employer Contributions – PERS 1 and PERS 2/3 – 2019

Budgetary Comparison Schedule – 2019

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2019

Notes to the Schedule of Expenditures of Federal Awards – 2019

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019**

We offer this narrative overview and analysis of the financial activities for the year ended December 31, 2019. We present this information in conjunction with the information included in our financial statements, which follow.

FINANCIAL HIGHLIGHTS

- At the end of the year, SE WA ALTC's net position was \$2,502,061.
- At the end of the year, SE WA ALTC's total fund balance for the governmental funds was \$10,250,826. Of this amount, none was considered unrestricted fund balance. Total fund balance was classified between nonspendable, restricted or assigned categories.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to SE WA ALTC's basic financial statements. SE WA ALTC's basic financial statements include four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, and 4) required supplementary information. In addition to the basic financial statements, this report also contains other supplementary information.

SE WA ALTC 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 SE WA ALTC's finances in a manner similar to a private sector business.

The statement of net position presents information on all of SE WA ALTC's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between assets and deferred outflows less liabilities and deferred inflows reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of SE WA ALTC is improving or deteriorating.

The statement of activities presents information showing how SE WA ALTC'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 SE WA ALTC, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019**

GOVERNMENTAL FUNDS

Governmental funds are used to account for essentially the same functions reported as government 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 whether SE WA ALTC's financial position is improving or deteriorating. Restricted net position represents the amount available to be used to meet SE WA ALTC's ongoing obligations to citizens and creditors.

A condensed summary of SE WA ALTC's net position at December 31, 2019 and 2018 is shown below.

	2019	2018	Increase (Decrease)
ASSETS			
Current and Other Assets	\$ 11,194,647	\$ 10,175,817	\$ 1,018,830
Capital Assets (Depreciable Net)	397,857	471,711	(73,854)
Total Assets	<u>11,592,504</u>	<u>10,647,528</u>	<u>944,976</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources Related to OPEB	192,621	177,665	14,956
Deferred Outflows of Resources Related to Pensions	889,900	1,239,355	(349,455)
Total Deferred Outflows of Resources	<u>1,082,521</u>	<u>1,417,020</u>	<u>(334,499)</u>
LIABILITIES			
Current Liabilities	1,122,196	1,113,941	8,255
Noncurrent Liabilities	6,632,533	7,917,046	(1,284,513)
Total Liabilities	<u>7,754,729</u>	<u>9,030,987</u>	<u>(1,276,258)</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources Related to OPEB	1,101,540	81,342	1,020,198
Deferred Inflows of Resources Related to Pensions	1,316,695	1,161,646	155,049
Total Deferred Inflows of Resources	<u>2,418,235</u>	<u>1,242,988</u>	<u>1,175,247</u>
NET POSITION			
Investment in Capital Assets	397,857	471,711	(73,854)
Restricted	2,104,204	1,318,862	785,342
Total Net Position	<u>\$ 2,502,061</u>	<u>\$ 1,790,573</u>	<u>\$ 711,488</u>

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Current and other assets consist primarily of cash, cash equivalents, investments, and accounts receivable from governments. Deferred outflows and inflows consist of deferred outflows and inflows related to pensions for PERS 1 and PERS 2/3, and for other post-employment benefits. Current liabilities consist of accounts payable, and accrued expenses. Noncurrent liabilities consist of accrued vacation and sick leave, the advance from Department of Social and Health Services (DSHS), OPEB liability and net pension liability. The increase in net position reflects the excess of revenue over expenditures as detailed in the following schedule.

	2019	2018	Increase (Decrease)
REVENUES			
Intergovernmental	\$ 15,531,588	\$ 14,079,192	\$ 1,452,396
Charges for Services	2,422,336	2,632,752	(210,416)
Interest Earnings	204,366	67,862	136,504
Other Revenues	8,073	6,647	1,426
Total Revenues	<u>18,166,363</u>	<u>16,786,453</u>	<u>1,379,910</u>
EXPENDITURES			
Health and Human Services	<u>17,454,875</u>	<u>16,343,999</u>	<u>1,110,876</u>
Total Expenditures	<u>17,454,875</u>	<u>16,343,999</u>	<u>1,110,876</u>
CHANGE IN NET POSITION	711,488	442,454	269,034
Net Position - Beginning of Year	1,790,573	948,112	842,461
Restatement - Change in Accounting Principle	-	400,007	(400,007)
Net Position - Beginning of Year as Restated	<u>1,790,573</u>	<u>1,348,119</u>	<u>442,454</u>
NET POSITION - END OF YEAR	<u><u>\$ 2,502,061</u></u>	<u><u>\$ 1,790,573</u></u>	<u><u>\$ 711,488</u></u>

The increase in total revenues can be attributed to several things. SE WA ALTC had growth in their number of Title XIX Case Management Clients. Title XIX funding is paid on a per member per month basis. Additionally, the MAC/TSOA Demonstration program had a significant growth in clientele. MAC/TSOA is funded with a base rate plus a clinical rate per member per month. Funding from the Department of Health for the Falls Prevention program and the University of Washington's GWEC program also provided additional revenue. Lastly, there was an increase in the Older American's Act funding.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

SE WA ALTC has a large Medicaid Long Term Services and Supports (LTSS) population that grows exponentially each year. This is due to the aging of the population, in conjunction with Central and Southeast Washington having some of the highest rates per capita of individuals who are Medicaid eligible with chronic conditions that require home and community based long-term services and supports. The payment mechanism is a per member per month reimbursement rate. SE WA ALTC receives economies of scale based on our service delivery structure coupled with continuous growth of this population base. This is a large contributing factor to SE WA ALTC's revenue.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

The general fund is the only operating fund of SE WA ALTC. At December 31, 2019, the general fund balance was \$10,250,826 however none of this is considered unrestricted fund balance. The difference of \$7,748,765 between government-wide net position and governmental general fund balance is described on the statement of net position—governmental funds. The general fund balance increased by \$1,232,937 due to total revenues exceeding expenditures specifically in operating grants and contributions. The fund balance is restricted and is assigned per resolution by the SE WA ALTC Council of Governments governing board.

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 August or September to gain public input. Also, public community planning forums are conducted during the four-year planning process. In 2019, SE WA ALTC developed their four year area plan for 2020-2023. Community forums helped inform the planning process for discretionary funds based on areas of need and emerging issues. Budgets are requested in August from vendors that aren't specifically fee for service for each program area including both discretionary and nondiscretionary funding. This information is used to prepare contracts with a January 1st, start date. All funding is subject to change depending on final allocations of state and federal funds and client caseloads for Title XIX HCBS Case Management and Nurse Services, and Health Home caseloads. Final initial allocations of federal funds vary depending upon congressional progress. These final budgets are getting pushed further out to June or later after carryover is prepared. State funding is contingent upon the legislature, and often not known until June 1 of each year.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019**

BUDGETARY HIGHLIGHTS (CONTINUED)

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, specifically IIIB and Federal Family Caregiver funds not used due to lower than anticipated utilization of services at December 31, 2018 were carried over to 2019. Unused state funds are available for use until June, 2019. This plus the increase in Title XIX Case Management Clients resulted in grant Revenue exceeding the budgeted amount by \$410,637.

Actual Salaries and Benefits expenditures were less than the final budget by \$1,322,401. When SE WA ALTC prepares their staffing plan, number of FTE(s) is projected high to ensure that we don't hamper critical service delivery by ensuring we build in capacity within the budget. However, SE WA ALTC doesn't fill these positions until caseloads warrant filling those positions. ALTC has a ratio that they must meet by contract. That ratio is a clinical staff ratio to client in the Title XIX CM. This ratio then drives number of clinical FTE(s), which drives number of supervisory staff for these FTE(s). This all has to be built within the staffing plan. Filling these positions is subject to Title XIX LTSS in-home clients served within our region. We may anticipate an FTE in January, for example, that we don't fill until June or July based on caseload growth. In Health Home for our direct service Care Coordination, we follow similarly. There is a threshold for Health Home Care Coordinators to active clients to meet the fidelity of the model.

Impacting the Salaries and Benefits in our direct service (as well as our administration) is staff turnover and the low unemployment rates that leave vacancies open longer than anticipated when hiring. Workforce shortage has become more challenging. Additionally, every month SE WA ALTC has a number of employees who are on Family Medical Leave Act (FMLA) but have exhausted their paid leave thus are on Leave Without Pay (LWOP). These factors all contribute toward under-expending the budget for Salaries and Benefits.

Charges to service revenues were less than budgeted by \$1,345,898. This was due to several reasons. When developing projected revenue for Health Home it is based on projected number of dual eligible Medicare/Medicaid eligible clients and of that number, engagement of these clients to voluntarily agree to be on the program. It is also dependent upon the performance of the Health Home Care Coordinators internally and the external Care Coordinator Contractors. ALTC anticipated that both ALTC and contractors would recruit and fill positions more quickly than actually occurred in 2019. We also didn't anticipate the level of turnover created by a robust employment market when projecting revenue. Revenue is generated by actual Care Coordinator activity. In 2019 the employment market was tight for recruiting and retaining clinicians. Both turnover and the length of time to recruit impacted Health Home revenue. The other significant factor that impacted the revenue was that the clientele was eligible for Health Homes by acuity became ineligible due to signing up for a third party payer such as a Medicare Advantage Plan. The Medicare Advantage Plans in Southeast Washington were heavily saturating the market with advertisement and many of the Health Home clients were recruited onto the Medicare Advantage Plan not realizing that would make them ineligible for the Health Home program. Many of the dual eligible Medicare/Medicaid clients were lost to the third party payer program. Even though SE WA ALTC's engagement rate was much higher than in the past, loss of eligible clients greatly impacted the revenue for Health Homes. The combination of these factors reduced the amount of revenue.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019**

BUDGETARY HIGHLIGHTS (CONTINUED)

Investment earnings were over budget by \$114,366. Actual Interest Revenue for 2019 exceeded the budgeted amount by \$24,366. In addition, the 2019 fair market value gain on the Investment Pool was \$35,847 compared to a \$29,488 loss in 2018.

Other Services were \$102,681 under budget due to travel, advertising and miscellaneous expenses being less than budgeted amounts.

LONG-TERM LIABILITIES

Noncurrent liabilities consist of accrued vacation and sick leave of \$68,107 and the operating advance from DSHS of \$2,208,292 at December 31, 2019. In addition, there is a net pension liability of \$2,332,895 and OPEB liability of \$2,023,239 recorded at December 31, 2019. SE WA ALTC had no long-term debt as of December 31, 2019. See Note 11 of the financial statements for additional information.

CAPITAL ASSETS

SE WA ALTC's investment in capital assets at December 31, 2019, is \$397,857, net of accumulated depreciation. This investment is in automobiles and equipment. During the year ended December 31, 2019, SE WA ALTC purchased equipment of approximately \$45,000 and disposed of assets with an acquisition cost of approximately \$5,100. See Note 3 of the financial statements for additional information.

ECONOMIC AND OTHER FACTORS

SE WA ALTC is funded by State, Federal grant funding and some private contracts. Funding is subject to legislative changes in programs both at the Federal and State. Some of this funding is more predictable. For example, the Federal Older American's Act (OAA) funding has been fairly stagnant, with some enhancement in the 2019 and 2020. It is expected to be enhanced by 7% with Congressional plans for similar enhancements over the next five years. However, these were slated prior to the COVID-19 outbreak in the US.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019**

ECONOMIC AND OTHER FACTORS (CONTINUED)

The COVID-19 outbreak did bring some stimulus funding for 2020 through 2021 to assist with Older American's Act programs such as Senior Nutrition, Access and In-home services, and OAA Family Caregiver programs. The State Legislature closed in March of 2020 with some enhanced rates for T XIX Case Management and Health Home Care Coordination. However, with the COVID-19 outbreak the Stay at Home mitigation also brings with it some economic challenges for the state of Washington and the Nation. The Office of Financial Management has already issued a bulletin to the State Departments to start looking at areas for program cuts and there is potential that a special session in the summer of 2020 to seek reduction measures for the 2020/2021 State biennium. Thus, future funding enhancements may be at risk as well as other programs moving forward. SE WA ALTC is attempting to reduce expenditures by discussing replacement cycles for assets such as technology and vehicles. Other strategies will be deployed that worked well in the 2008 recession to ensure vital services to the most vulnerable continue and prioritizing those services that meet the greatest need for the most vulnerable will be reviewed. Other strategies deployed consisted of attrition or awaiting filling openings when there are vacancies, depending upon the outcome of the State Legislature. However, given that the home and community based service delivery system to the most vulnerable populations presents not only as the number one choice for older adults and adults with disabilities, it has saved the State and Federal government significant public funds by mitigating acute care medical costs, and the higher costs of institutional settings such as skilled nursing facilities. It will all be contingent upon how deep the economic crisis resulting from the COVID-19 outbreak will be.

Currently, SE WA ALTC continues to have a significant growth in its T XIX In-home care program. This will continue unless there are changes to that program in 2021.

SE WA ALTC has a unique direct service structure in that our direct services are delivered under one umbrella. Staff in our direct service offices are cross-trained in our various programs. Offices share space, utilities, phone systems, and allocations are based on FTE service time per program. This model reduces the administrative and fixed costs overall and provide economies of scale. This assists with keeping expenses down, coupled with consistent growth in our Title XIX Case Management client caseload. This model also assists with referral systems back and forth between programs to better meet client needs and provide more robust service delivery to our most vulnerable clients, as our clinicians are very familiar with all the program services. In addition, it assists with smoother new program implementation, which is made evident when SE WA ALTC starts new programs they are often able to reach higher numbers of clients due to this model of services. SE WA ALTC has six direct services offices and one contracted office in Garfield County. The direct service office in Kennewick serves both Benton and Franklin counties.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of SE WA ALTC'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 Cheryl Menke, Fiscal Manager, P.O. Box 8349, Yakima, WA 98908.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE
STATEMENT OF NET POSITION—GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2019**

	Governmental Activities
ASSETS	
Cash, Cash Equivalents, and Investments	\$ 8,175,226
Accounts Receivable from Governments	2,904,919
Other Accounts Receivable	-
Prepaid Expenses	114,502
Capital Assets, Net of Accumulated Depreciation	397,857
Total Assets	<u>11,592,504</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources Related to OPEB	192,621
Deferred Outflows of Resources Related to Pensions	889,900
	<u>1,082,521</u>
LIABILITIES	
Accounts Payable and Accrued Expenses	635,856
Accrued Wages Payable	196,402
Accrued Payroll Taxes Payable	91,360
Accrued Compensated Absences, Within One Year	180,386
OPEB Liability, Within One Year	18,192
Noncurrent Liabilities - Due in More than One Year:	
Accrued Compensated Absences	68,107
Due to Other Governments - State Advance	2,208,292
OPEB Liability	2,023,239
Net Pension Liability	2,332,895
Total Liabilities	<u>7,754,729</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources Related to OPEB	1,101,540
Deferred Inflows of Resources Related to Pensions	1,316,695
Total Deferred Inflows	<u>2,418,235</u>
NET POSITION	
Investment in Capital Assets	397,857
Restricted	<u>2,104,204</u>
Total Net Position	<u>\$ 2,502,061</u>

See accompanying Notes to Financial Statements.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE
STATEMENT OF ACTIVITIES—GOVERNMENTAL ACTIVITIES
YEAR ENDED DECEMBER 31, 2019**

		Program Revenues		Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Total
FUNCTIONS/PROGRAMS				
Governmental Activities:				
General Government				
Social Services	\$ 17,454,875	\$ 2,422,336	\$ 15,531,588	\$ 499,049
Total Government				
GENERAL REVENUES				
Interest				204,366
Other Revenues				8,073
Total General Revenue				212,439
CHANGE IN NET POSITION				711,488
Net Position - Beginning of Year				1,790,573
NET POSITION - END OF YEAR				\$ 2,502,061

See accompanying Notes to Financial Statements.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE
BALANCE SHEET—GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	General Fund
ASSETS	
Cash, Cash Equivalents, and Investments	\$ 8,175,226
Accounts Receivable from Governments	2,889,570
Prepaid Expenses	114,502
	<hr/>
Total Assets	\$ 11,179,298
	<hr/>
LIABILITIES	
Accounts Payable and Accrued Expenses	\$ 635,856
Accrued Wages Payable	196,402
Accrued Payroll Taxes Payable	91,360
Accrued Compensated Absences	3,597
Total Liabilities	927,215
	<hr/>
DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue	1,257
Total Deferred Inflows of Resources	1,257
	<hr/>
GENERAL FUND BALANCE	
Nonspendable (Petty Cash)	\$ -
Nonspendable (Prepaid Expenses)	114,502
Restricted (AL TSA Funded Programs)	5,495,253
Restricted (MAC/T SOA Program)	154,522
Assigned to:	
Retained Minimum	3,988,799
Liability Claim Litigation Fund	170,000
Equipment Replacement	327,750
Total General Fund	10,250,826
	<hr/>
Total Liabilities and Fund Balances	\$ 11,179,298
	<hr/>
Fund Balance Reported Above	\$ 10,250,826
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	397,857
Deferred Outflows of Resources	1,082,521
Revenues not received within 90 days after year-end	15,349
Revenues in the Statement of Activities that do not Provide Available Current Resources in the Funds	1,257
Long-Term Liabilities are not Due and Payable in the Current Period and, therefore, are not Reported in the Funds:	
Accrued Compensated Absences	(244,896)
Due to Other Governments - State Advance	(2,208,292)
OPEB Liability	(2,041,431)
Net Pension Liability	(2,332,895)
Deferred Inflows of Resources	(2,418,235)
	<hr/>
Net Position of Governmental Activities	\$ 2,502,061
	<hr/>

See accompanying Notes to Financial Statements.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE—GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019**

	General Fund
REVENUES	
Intergovernmental:	
Operating Grants and Contributions - Social Services	\$ 15,531,588
Charges for Services - Social Services	2,459,217
Total Intergovernmental	<u>17,990,805</u>
Investment Earnings	204,366
Other	8,073
Total Revenues	<u>18,203,244</u>
EXPENDITURES	
Current:	
Social Services	17,039,891
Capital Outlays	44,647
Total Expenditures	<u>17,084,538</u>
Excess of Revenues Over Expenditures	1,118,706
OTHER FINANCING SOURCES	
Additional Advances from State	114,231
Net Change in Fund Balance	1,232,937
Fund Balance - Beginning of Year	<u>9,017,889</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 10,250,826</u></u>
Net Change in Fund Balance for Governmental Funds	\$ 1,232,937
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	44,647
Depreciation	(118,501)
Compensated Absences	(172,462)
Unavailable Revenue	(36,881)
Pension Expense Adjustments	219,250
OPEB Expense Adjustments	(343,271)
State Advance Adjustments	<u>(114,231)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 711,488</u></u>

See accompanying Notes to Financial Statements.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The financial statements of Southeast Washington Aging and Long Term Care (SE WA ALTC) have been prepared in conformity with accounting principles generally accepted in the United States of America (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.

Reporting Entity

SE WA ALTC was formed in January 2015, by execution of an Interlocal Government Cooperation Agreement pursuant to Revised Code of Washington 35.21.730 through 35.21.755. Previously the SE WA ALTC operated as a special revenue fund of the Yakima County.

SE WA ALTC operates as a single purpose Council of Governments entity to provide services to Asotin, Benton, Columbia, Franklin, Garfield, Kittitas, Walla Walla, and Yakima Counties. The Governing Board is composed of one County Commissioner from each of the seven participating counties in the Public Service Area (PSA). As required by GAAP, the financial statements include the financial position and results of operations of all funds controlled by SE WA ALTC.

Related Parties

SE WA ALTC 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.
- Columbia County – Member of the Interlocal Government Agreement that formed SE WA ALTC. Provides one member of the Governing Board of Directors.
- Garfield County – Member of the Interlocal Government Agreement that formed SE WA ALTC. Provides one member of the Governing Board of Directors.
- Kittitas County – Member of the Interlocal Government Agreement that formed SE WA ALTC. Provides one member of the Governing Board of Directors.
- Walla Walla County – Member of the Interlocal Government Agreement that formed SE WA ALTC. Provides one member of the Governing Board of Directors.
- Yakima County – Member of the Interlocal Government Agreement that formed SE WA ALTC. Provides one member of the Governing Board of Directors.
- Asotin County – Member of the Interlocal Government Agreement and governing board member joining the Council of Governments Governing Body in May 2016. They provide one member of the Governing Board of Directors.
- Benton County – Member of the Interlocal Government Agreement and governing board member joining the Council of Governments Governing Body in November 2018. They provide one member of the Governing Board of Directors.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related Parties (Continued)

- Franklin County – Member of the Interlocal Government Agreement and governing board member joining the Council of Governments Governing Body in April 2020. They provide one member of the Governing Board of Directors.

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

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position – governmental activities and the statement of activities – governmental activities) report information on all of the nonfiduciary activities of the primary government. Governmental activities are supported by intergovernmental revenues. SE WA ALTC 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 program. SE WA ALTC's policy is to allocate indirect costs to a specific function or program. Program revenues include: reimbursement due from Aging and Long Term Support Administration (AL TSA) for programs as listed in Note 9 that includes Virginia Mason Memorial Hospital and Management Care Organizations for Care Coordination Services for Health Home Services, Nutrition Services Incentive Program, Veteran Directed Home Services, Senior Drug Education, Senior Farmers Market Nutrition Program, Health Home Lead and Care Coordination Activities, Health Care Authority, Signal Health, University of Washington (GWEC) and contributions that are restricted to meeting the operational or capital requirements of a particular function or program.

Separate financial statements are provided for governmental funds. SE WA ALTC has only one governmental fund – the general fund. The general fund is SE WA ALTC's operating fund. It accounts for all financial resources of the general government.

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.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

Governmental fund financial statements (i.e., the statement of net position – governmental funds and the statement of revenues, expenditures and changes in fund balance – governmental funds) 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 SE WA ALTC considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred and due within one year.

Budgetary Information

SE WA ALTC's budget requirements are mandated by ALTSA. The budget as adopted constitutes the legal authority for expenditures. In 2019, SE WA ALTC's Older Americans Act funding switched from a 12 month to a 21 month funding period. Now this funding ends on September 30 of the subsequent year. There are other contracts that have fiscal years that end on June 30, August 31, and September 30. SE WA ALTC re-budgets funds for subsequent years.

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

The budget amounts shown in the required supplementary information are the final authorized amounts as revised during the year and approved by SE WA ALTC's Governing Board.

The required supplementary information 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.

Cash, Cash Equivalents, and Investments

SE WA ALTC considers all investments with an original maturity of 90 days or less and investments in the Yakima County Treasurers Investment Pool (YCTIP) to be cash equivalents.

Investments are in the custody of the Yakima County treasurer. In this capacity, the county treasurer receives deposits and transacts investments on SE WA ALTC's behalf.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Accounts receivable from governments are primarily from ALTSA.

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

Prepaid Expenses

SE WA ALTC 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.

Capital Assets

Capital assets, primarily office equipment and vehicles, are reported in the government-wide financial statements. Capital assets are defined by SE WA ALTC 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.

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.

Office equipment and vehicles are typically depreciated using the straight-line method with an estimated useful life of five and seven years, respectively.

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the financial statements report separate sections for deferred outflows and inflows of resources. These separate financial statement elements, *deferred outflows and inflows 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.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deduction from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Due to Other Governments – State Advance

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

Compensated Absences

Compensated absences are absences for which employees could be paid, such as paid time off (PTO), sick leave and Washington State Paid Family and Medical Leave. PTO leave may be accumulated up to 40 working days and is payable upon leaving employment with SE WA ALTC. At December 31, 2019, recorded accumulated PTO leave is \$240,694. Employees formerly employed by Yakima County were allowed to bring forward their sick leave banks. Sick leave is no longer accumulated and will be paid out at 25% of any remaining balance upon retirement or death. Total recorded sick leave amounts to \$7,799 for a total leave benefits of \$248,493 recorded at December 31, 2019.

Fund Balance Classification

The fund balance amounts for governmental funds have been classified in accordance with GASB Statement No. 54. The purpose of this statement is to report fund balances based upon the relative strength of the constraints that control how specific amounts can be spent. The following classes of fund balance are presented: Nonspendable, restricted, committed, assigned, and 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 an approved Resolution of the Board, the Agency's highest level of decision-making authority.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Classification (Continued)

Assigned fund balance includes amounts that are constrained by SE WA ALTC's intent to be used for a specific purpose, but are neither restricted nor committed. SE WA ALTC's Board of Commissioners retains the authority to assign fund balance for a specific purpose. A Board Resolution must be adopted by the board in order to assign fund balance for a specific purpose.

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

Minimum Fund Balance

The Board of Commissioners of SE WA ALTC has adopted a minimum fund balance policy classified as Retained Minimum, which is part of the Assigned Fund Balance. SE WA ALTC will seek to maintain a minimum retained fund balance of 25% of all expenditures in the preceding fiscal year. The Retained Minimum is intended to be used in the event of unanticipated circumstances and will be used in the following order:

- 1) Ensure risk management of internal programs and processes that help mitigate risk to SE WA ALTC.
- 2) One time operational expenses and/or expenses that can help alleviate other ongoing expenditures.
- 3) Provided to consumers of service within the participating member counties of the SE WA ALTC Council of Governments.
- 4) One-time services that do not require ongoing operational and routine year-to-year expenditures.

The Board of Commissioners of SE WA ALTC has also established the following assigned fund balance policies.

Litigation Claim Litigation

This amount is intended to be reserved for liability claims and litigation. The amount assigned at December 31, 2019 was \$170,000.

Equipment Replacement

The amount assigned for vehicle replacement at December 31, 2019 was \$327,750.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2 DEPOSITS AND INVESTMENTS

Cash on hand at December 31, 2019 was \$1,750. SE WA ALTC's bank balance as of December 31, 2019 was \$164,270, including bank balances with the Yakima County Treasurer.

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the Agency would not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. SE WA ALTC's deposits and certificates of deposit are 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).

Investments

SE WA ALTC is a participant in the Yakima County Treasurers Investment Pool (YCTIP). SE WA ALTC reports its investment in the Pool at the fair value of the pools underlying assets. The stated value per share is \$1. The Yakima County Finance Committee provides oversight of the Pool. The responsibility for managing the pool resides with the County Treasurer. The Pool is established from RCW 36.29 which authorizes the County Treasurer to invest the funds of participants. The Pool's investment policy is established by the Yakima County Finance Committee consisting of the county treasurer as chair, the county auditor as secretary and the chair of the board of county commissioners. The Pool does not have a credit rating and had a weighted average maturity of 2.058 years as of December 31, 2019.

SE WA ALTC's investments as of December 31, 2019, included \$7,973,359 in the Yakima County Treasurer's Investment Pool. The fair value of these investments was \$8,009,206.

SE WA ALTC's participation in the Yakima County Treasurer's Investment Pool (YTIP) is voluntary. The YTIP allows for daily liquidity to the participants and there is no maturity date for pooled investments. Investment Authorization Forms for deposits and withdrawals must be delivered no later than noon the day prior to the desired transaction. Withdrawals of \$5,000,000 or more require notification two weeks in advance of the planned withdrawal date. Interest is distributed monthly based on the average daily balance a fund maintains in the pool, and is calculated using actual number of days in the prior month, based on a 360-day year, less the administrative fee.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 3 CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2019, was as follows:

Governmental Activities	Balance 1/1/2019	Increases	Decreases	Balance 12/31/2019
Capital Assets Being Depreciated:				
Equipment and Vehicles	\$ 869,231	\$ 44,647	\$ 5,096	\$ 908,782
Total Capital Assets Being Depreciated	869,231	44,647	5,096	908,782
Less Accumulated Depreciation for:				
Equipment and Vehicles	397,520	118,501	5,096	510,925
Total Accumulated Depreciation	397,520	118,501	5,096	510,925
 Total Capital Assets Being Depreciated, Net	 471,711	 (73,854)	 -	 397,857
 Governmental Activities Capital Assets, Net	 \$ 471,711	 \$ (73,854)	 \$ -	 \$ 397,857

Depreciation expense in the amount of \$118,501 was charged to Social Services function in the statement of activities – governmental activities.

NOTE 4 OTHER POST-EMPLOYMENT BENEFITS

The following table represents the aggregate Other Post-Employment Benefits for the year 2019:

Aggregate Other Post Employment Benefit (OPEB) Amounts	
Total OPEB Liability	\$ 2,041,431
Deferred Outflows of Resources	192,621
Deferred Inflows of Resources	1,101,540
OPEB Expense/Expenditures	358,418

General Information about the OPEB Plan

Plan Description

Other Post-Employment Benefits (OPEB) are benefits to retired employees beyond those provided by their pension plans. Such benefits include medical, prescription drug, dental, life, vision, disability, and long-term care insurance. The Public Employees Benefits Board (PEBB), SE WA ALTC's substantive plan carrier, offers retirees access to all these benefits through PEBB. However, SE WA ALTC provides only monetary assistance, or subsidies, for medical, prescription drug, life, and vision insurance. SE WA ALTC employees who end public employment are eligible to continue PEBB insurance coverage as a retiree if they retire under the public employees' retirement system and are vested in that system. For financial reporting purposes the plan is a single-employer defined benefit OPEB plan.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 4 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

General Information about the OPEB Plan (Continued)

Benefits Provided

The Washington State Health Care Authority (HCA) administers PEBB plan benefits. For medical insurance coverage, the HCA has two claims pools: one covering employees and non-Medicare eligible retirees, and the other covering retirees enrolled in Medicare Parts A and B. Each participating employer pays a portion of the premiums for active employees. For retirees, participating employers provide two different subsidies: an explicit subsidy and an implicit subsidy.

The explicit subsidies are monthly amounts paid per post-65 retiree and spouse. As of the valuation date, the explicit subsidy for post-65 retirees and spouses is the lesser of \$168 or 50% of the monthly premiums. As of January 1, 2020, the subsidy will be increased to \$183 per month. The retirees and spouses currently pay the premium minus \$168 when the premium is over \$336 per month and pay half the premium when the premium is lower than \$336.

The implicit medical subsidy is the difference between the total cost of medical benefits and the premiums. For pre-65 retirees and spouses, the retiree pays the full premium amount, but that amount is based on a pool that includes active employees. Active employees tend to be younger and healthier than retirees on average, and therefore can be expected to have lower average health costs. For post-65 retirees and spouses, the retiree does not pay the full premium due to the subsidy discussed above.

Employees Covered by Benefit Terms

At December 31, 2019, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefit Payments	1
Inactive Employees Entitled to but not yet Receiving Benefit Payments	-
Active Employees	127

The plan is funded on a pay-as-you-go basis and there are no assets accumulated in a qualifying trust.

Contributions.

The OPEB relationship between PEBB employers and their employees and retirees is not formalized in a contract or plan document. Rather, the benefits are provided in accordance with a substantive plan. A substantive plan is one in which the plan terms are understood by the employers and plan members. This understanding is based on communications between the employers and plan members and the historical pattern of practice with regard to the sharing of benefit costs. For the year ended December 31, 2019, SE WA ALTC's average contribution rate was 19.79% of covered employee payroll. Employees are required to contribute to the plan amounts in excess of what is determined in SE WA ALTC's collective bargaining agreement.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 4 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Total OPEB Liability

SE WA ALTC's total OPEB liability was measured as of December 31, 2018 and was determined by an actuarial valuation dated July 1, 2018 rolled forward to the December 31, 2018 measurement date.

Total OPEB Liability (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following actuarial assumptions, and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Price Inflation	2.75%
Salary Increases	3.50%, salaries are also expected to grow by promotions and longevity
Discount Rate	4.10%, based on Bond Buyer General Obligation 20-bond municipal bond index for bonds that mature in 20 years.
Health Cost Trend	

Year	Pre-65 Claims and Contributions	Post-65 Claims	Post-65 Contributions
2019	6.80%	3.60%	1.10%
2020	6.30%	7.60%	9.30%
2021	6.10%	7.60%	12.40%
2022	5.30%	5.20%	6.80%
2025	5.50%	5.30%	5.50%
2035	6.30%	5.40%	5.50%
2045	6.00%	5.60%	5.70%
2055	5.60%	5.80%	5.90%
2065	5.40%	5.50%	5.50%
2075	4.60%	4.70%	4.70%
2085	4.50%	4.60%	4.60%
2095+	4.50%	4.70%	4.70%

Dental Cost Trend

Year	Trend
2019	1.10%
2020	2.00%
2021	2.00%
2022	2.50%
2023	3.50%
Thereafter	4.00%

Mortality rates were based on the RP-2000 Base Mortality Table, adjusted by -1 year for both males and females, with generational mortality adjustments using projection scale BB.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE
NOTES TO FINANCIAL STATEMENTS
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NOTE 4 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Changes in the Total OPEB Liability

	Increase (Decrease) Total OPEB Liability
Changes in Total OPEB Liability	
Balance as of December 31, 2018	\$ 2,703,402
Changes for the Year:	
Service Cost	346,727
Interest on Total OPEB Liability	104,816
Effect of Plan Changes	-
Effect of Economic/Demographic Gains or Losses	28,061
Effect of Assumptions Changes or Inputs	(1,135,232)
Benefit Payments	(6,343)
Balance as of December 31, 2019	<u>\$ 2,041,431</u>

Sensitivity of the total OPEB liability to changes in the discount rate and healthcare cost trend rates.

The following presents the total OPEB liability of SE WA ALTC, as well as what SE WA ALTC's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.10%) or 1-percentage-point higher (5.10%) than the current discount rate:

	1% Decrease 3.10%	Discount Rate 4.10%	1% Increase 5.10%
Proportionate Share of Collective Total OPEB Liability	\$ 2,527,157	\$ 2,041,431	\$ 1,667,740

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.

The following presents the total OPEB liability of SE WA ALTC, as well as what SE WA ALTC's total OPEB liability would be if it were calculated using health care cost trend rates that are 1-percentage point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rates	1% Increase
Proportionate Share of Collective Total OPEB Liability	\$ 1,602,468	\$ 2,041,431	\$ 2,640,820

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 4 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2019, SE WA ALTC recognized OPEB expense of \$358,418. At December 31, 2019, SE WA ALTC reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 25,463
Changes of Assumptions	(1,101,540)	158,354
Contributions Made Subsequent to the Measurement Date	-	8,804
Total	<u>\$ (1,101,540)</u>	<u>\$ 192,621</u>

Deferred outflows for contributions made subsequent to the measurement date will be recognized in 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Period Ending December 31,</u>	
2019	(93,125)
2020	(93,125)
2021	(93,125)
2022	(93,125)
2023	(93,125)
Thereafter	(452,098)

NOTE 5 PENSION PLANS

The following table represents the aggregate pension amounts for all plans for the year 2019:

<u>Aggregate Pension Amounts - All Plans</u>	
Net Pension Liabilities	\$ 2,332,895
Pension Assets	-
Deferred Outflows of Resources	889,900
Deferred Inflows of Resources	1,316,695
Pension Expense/Expenditures	609,786

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 PENSION PLANS (CONTINUED)

State Sponsored Pension Plans

Substantially all 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 and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

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, Washington 98540-8380

Or the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and nonduty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 PENSION PLANS (CONTINUED)

Contributions

The **PERS Plan 1** member contribution rate is established by state statute at 6%. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18%. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2019 were as follows:

PERS Plan 1	Employer	Employee*
January - June 2019:		
PERS Plan 1	7.52 %	6.00 %
PERS Plan 1 UAAL	5.13	
Administrative Fee	0.18	
Total	12.83 %	6.00 %
July - December 2019:		
PERS Plan 1	7.92 %	6.00 %
PERS Plan 1 UAAL	4.76	
Administrative Fee	0.18	
Total	12.86 %	6.00 %

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1% of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 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 benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 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% for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 PENSION PLANS (CONTINUED)

Contributions (Continued)

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of 5% for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and nonduty disability payments, a cost-of-living allowance (based on the CPI), capped at 3% annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5% and escalate to 15% with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18%. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2019 were as follows:

PERS Plan 2/3	Employer	Employee*
January - June 2019:		
PERS Plan 2/3	7.52 %	7.41 %
PERS Plan 1 UAAL	5.13	-
Administrative Fee	0.18	-
Employee PERS Plan 3		Varies
Total	12.83 %	7.41 %
July - December 2019:		
PERS Plan 2/3	7.92 %	7.90%
PERS Plan 1 UAAL	4.76	
Administrative Fee	0.18	
Employee PERS Plan 3		Varies
Total	12.86 %	7.90%

SE WA ALTC's actual PERS Plan contributions were \$323,618 to PERS Plan 1 and \$505,419 to PERS Plan 2/3 for the year ended December 31, 2019.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 PENSION PLANS (CONTINUED)

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2019 with a valuation date of June 30, 2018. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2007-2012 Experience Study and the 2017 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2018 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2019. Plan liabilities were rolled forward from June 30, 2018, to June 30, 2019, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.50% salary inflation
- **Salary increases:** In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity
- **Investment rate of return:** 7.4%

Mortality rates were based on the RP-2000 report's Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100% Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

There were changes in methods and assumptions since the last valuation:

- OSA updated modeling to reflect providing benefit payments to the date of the initial retirement eligibility for terminated vested members who delay application for retirement benefits.
- OSA updated COLA programming to reflect legislation signed during the 2018 legislative session that provides PERS and TRS Plan 1 annuitants who are not receiving a basic minimum, alternate minimum, or temporary disability benefit with a one-time permanent 1.5% increase to their monthly retirement benefit, not to exceed a maximum of \$62.50 per month.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 PENSION PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.4%.

To determine that rate, an asset sufficiency test included an assumed 7.5% long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. Consistent with the long-term expected rate of return, a 7.4% future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates. Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.4% was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.4% was determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns over various time horizons.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019, are summarized in the table below. The inflation component used to create the table is 2.2% and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20 %	2.20 %
Tangible Assets	7	5.10
Real Estate	18	5.80
Global Equity	32	6.30
Private Equity	23	9.30
	100 %	

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 PENSION PLANS (CONTINUED)

Sensitivity of NPL

The table below presents SE WA ALTC's proportionate share of the net pension liability calculated using the discount rate of 7.4%, as well as what SE WA ALTC's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.4%) or 1-percentage point higher (8.4%) than the current rate.

Plan	1% Decrease (6.40%)	Current Discount Rate (7.40%)	1% Increase (8.40%)
PERS 1	\$ 2,203,045	\$ 1,759,173	\$ 1,374,056
PERS 2/3	4,400,220	573,722	(2,556,172)

Pension Plan Fiduciary Net Position

Detailed information about the state's pension plans' fiduciary net position is available in the separately issued DRS financial report.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2019, SE WA ALTC reported a total pension liability of \$2,332,895 for its proportionate share of the net pension liabilities as follows:

Plan	Liability (Asset)
PERS 1	\$ 1,759,173
PERS 2/3	573,722
Total	<u>\$ 2,332,895</u>

At June 30, 2019, SE WA ALTC's proportionate share of the collective net pension liabilities was as follows:

Plan	Proportionate Share 12/31/2018	Proportionate Share 12/31/2019	Change in Proportion
PERS 1	0.045908 %	0.045748 %	(0.000160)%
PERS 2/3	0.058942 %	0.059065 %	0.000123 %

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations*

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 PENSION PLANS (CONTINUED)

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The collective net pension liability was measured as of June 30, 2019, and the actuarial valuation date on which the total pension liability is based was as of June 30, 2018, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2019, SE WA ALTC recognized pension expense as follows:

	Plan	Pension Expense
PERS 1		\$ 73,831
PERS 2/3		535,955
Total		<u>\$ 609,786</u>

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 PENSION PLANS (CONTINUED)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2019, SE WA ALTC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ -
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	(117,528)
Changes of Assumptions	-	-
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	-	-
Contributions Subsequent to the Measurement Date	156,732	-
Total	<u>\$ 156,732</u>	<u>\$ (117,528)</u>
	Deferred Outflows of Resources	Deferred Inflows of Resources
PERS 2/3		
Differences Between Expected and Actual Experience	\$ 164,373	\$ (123,347)
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	(835,106)
Changes of Assumptions	14,691	(240,714)
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	293,321	-
Contributions Subsequent to the Measurement Date	260,783	-
Total	<u>\$ 733,168</u>	<u>\$ (1,199,167)</u>

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 PENSION PLANS (CONTINUED)

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

All Plans	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 164,373	\$ (123,347)
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	(952,634)
Changes of Assumptions	14,691	(240,714)
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	293,321	-
Contributions Subsequent to the Measurement Date	417,515	-
Total	<u>\$ 889,900</u>	<u>\$ (1,316,695)</u>

Deferred outflows of resources related to pensions resulting from SE WA ALTC's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	PERS 1
2020	\$ (25,945)
2021	(61,456)
2022	(21,931)
2023	(8,196)
Total	<u>\$ (117,528)</u>

<u>Year Ending December 31,</u>	PERS 2/3
2020	\$ (146,508)
2021	(374,787)
2022	(136,263)
2023	(47,912)
2024	(26,896)
Thereafter	5,584
Total	<u>\$ (726,782)</u>

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 6 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

NOTE 7 RISK MANAGEMENT

SE WA ALTC 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. As of August 31, 2019, there are 547 Enduris members representing a broad array of special purpose districts throughout the state. Enduris provides property and liability coverage as well as risk management services and other related administrative services.

Members make an annual contribution to fund Enduris and share in the self-insured retention of the jointly purchased excess and/or reinsurance coverage. The self-insured retention is:

- \$1,000,000 self-insured retention on liability loss - the member is responsible for the first \$1,000 of the amount of each claim, while Enduris is responsible for the remaining \$999,000 on a liability loss.
- \$250,000 self-insured retention on property loss - the member is responsible for the first \$1,000 of the amount of each claim, while Enduris is responsible for the remaining \$249,000 on a property loss. For property losses related to boiler and machinery Enduris is responsible for the first \$4,000 of the claim.

Enduris acquires reinsurance from unrelated insurance companies on a “per occurrence” basis to cover all losses over the deductibles as shown on the policy maximum limits. Liability coverage is 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, boiler and machinery, electronic data processing equipment, business interruption, course of construction and additions, property in transit, fine arts, cyber, and automobile physical damage to insured vehicles. Liability coverage limit is \$20 million per occurrence and property coverage limit is \$1 billion per occurrence. Enduris offers crime coverage up to a limit of \$1 million per occurrence.

Since Enduris is a cooperative program, there is a joint liability among the participating members.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 7 RISK MANAGEMENT (CONTINUED)

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.

The Pool is governed by a Board of Directors which is comprised of seven board members. The Pool's 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.

Enduris did not have any claim settlements that exceeded limits in the last three years.

NOTE 8 CONTINGENCIES AND LITIGATIONS

SE WA ALTC 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. SE WA ALTC's financial statements include all material liabilities. There are no material contingent liabilities to record.

NOTE 9 DESCRIPTIONS OF PROGRAM 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.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

**NOTE 9 DESCRIPTIONS OF PROGRAMS REVENUE SOURCES USED TO PROVIDE SERVICES
(CONTINUED)**

FEDERAL PROGRAMS (CONTINUED)

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, SE WA ALTC 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. SE WA ALTC contracts with agency providers, monitors service by agency providers, and trains individuals, adult family home, congregate care facility and agency providers. SE WA ALTC also provides Nursing Consultation Services in coordination with Case Management for all personal care clients in its PSA.

No Wrong Door: Provides help with care transitions programs and options counseling services training for clinicians in the Aging and Disability Resource Center.

STATE PROGRAMS 7- 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 monthly incomes below 40% of the State Median Income (\$1,678 a single person, \$2,194 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.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

**NOTE 9 DESCRIPTIONS OF PROGRAMS REVENUE SOURCES USED TO PROVIDE SERVICES
(CONTINUED)**

STATE PROGRAMS – SENIOR CITIZENS SERVICES ACT (CONTINUED)

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.

STATE PROGRAMS – OTHER

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.

Senior Farmers' Market Nutrition Program

This program is designed to provide low-income seniors with resources in the form of fresh, nutritious, unprepared, locally grown fruits, vegetables and herbs from state approved local farmers markets, roadside stands and community supported agriculture programs. This program is state and federally funded.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

**NOTE 9 DESCRIPTIONS OF PROGRAMS REVENUE SOURCES USED TO PROVIDE SERVICES
(CONTINUED)**

STATE PROGRAMS – OTHER (CONTINUED)

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 70 hours of Basic Training. In addition 12 hours of Continuing Education is an on-going annual requirement.

SB 5736

This program expands the nutrition services through the meals on wheels program. Dollars are to be used to expand services in areas of greatest need to assist low-income homebound seniors who are unable to prepare food for themselves and lack a caregiver that prepares meals, and where senior citizens have limited access to community support services and facilities.

Medicaid Transformation Project (Medicaid Alternative Care and Family Caregiver Support Program)

This project developed two new programs that further develop a system of care that provides the right service(s) at the right time in the right setting, expands person-centered choices, and supports unpaid family caregivers and individuals at risk of institutionalization when possible. These programs expand options for people so they can stay at home and delay or avoid the need for more intensive services. The programs are mirrored after the state funded Family Caregiver Support Program (FCSP).

Care Transitions Intervention

The goal of the program is to reduce hospital readmissions for individuals age 60 and over by providing a Care Transitions Coach through the Bridges Program for patients being discharged from local hospitals. This program also provides assistance to Medicare Advantage Plan patients with Signal Health. The program is funded by a contract with Signal Health and Virginia Mason Memorial Hospital.

Health Homes

Care Coordination services are provided as part of the Health Home Program serving high-risk dual eligible and Medicaid clients using trained social workers and nursing staff. Services include comprehensive care transitions, coordination of medical and social services supports and assisting individuals in identifying and reach their health goals. The program is funded and coordinated by Managed Care Organizations for Care Coordination Services. As well, SE WA ALTC is a Lead Health Home and receives funding for this via the Health Care Authority.

Signal Health

SE WA ALTC staff work with the Signal Health Medical Team for Signal Health referrals for select enrollees of Medicare Plans which contract with Signal Health. ALTC staff performs at least one home visit per referral to assess needs, barriers and develop interventions that will decrease re-hospitalizations as well as unnecessary medical costs.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

**NOTE 9 DESCRIPTIONS OF PROGRAMS REVENUE SOURCES USED TO PROVIDE SERVICES
(CONTINUED)**

STATE PROGRAMS – OTHER (CONTINUED)

Virginia Mason Memorial Hospital

SE WA ALTC staff work with VMMH clients being discharged, assisting with care transitions, information, referral and case management services.

Falls Prevention

This funding from the Department of Health is for expanding and supporting evidence-based falls prevention program in the SE WA ALTC service area.

Geriatric Workforce Enhancement Center (GWEC)

This funding from the University of Washington's GWEC program is for a Primary Care Liaison who helps bridge medical providers with Area Agency on Aging social services.

NOTE 10 LEASES

Operating Leases

SE WA ALTC leases office buildings and spaces under various noncancelable operating leases. Total cost for such leases is \$425,070 for 2019. The future minimum lease payments for these leases are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2020	\$ 422,936
2021	188,200
2022	114,934
2023	114,934
Total	<u>\$ 841,004</u>

NOTE 11 CHANGES IN LONG-TERM LIABILITIES

The following is a summary of the long-term liabilities transactions of SE WA ALTC for the year ended December 31, 2019:

	<u>12/31/2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2019</u>	<u>Due Within One Year</u>
Compensated Absences	\$ 255,897	\$ 595,398	\$ 602,802	\$ 248,493	\$ 180,386
State Advance	2,094,061	114,231	-	2,208,292	-
OPEB Liability	2,703,402		661,971	2,041,431	18,192
Pension Liability	3,056,649	-	723,754	2,332,895	-
Total	<u>\$ 8,110,009</u>	<u>\$ 709,629</u>	<u>\$ 1,988,527</u>	<u>\$ 6,831,111</u>	<u>\$ 198,578</u>

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 12 COLLECTIVE BARGAINING AGREEMENT

At December 31, 2019, approximately 70% of SE WA ALTC employees worked under a collective bargaining agreement that expires December 31, 2020.

NOTE 13 SUBSEQUENT EVENT

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of a deadly new virus. In the weeks following the declaration, precautionary measures to slow the spread of the virus have been ordered. These measures include closing schools, colleges and universities, cancelling public events, prohibiting public and private gatherings, and requiring people to stay home unless they are leaving for an essential function.

SE WA ALTC has experienced impacts to various programs, including changes to meal programs and the closure of some services. Management is currently evaluating the overall impact to operations.

The length of time these measures will be in place, and the full extent of the financial impact on SE WA ALTC is unknown at this time.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
AS OF DECEMBER 31,**

	2018	2017	2016
Service Cost	346,727	\$ 302,577	\$ 310,058
Interest on Total OPEB Liability	104,816	91,354	76,418
Changes of Benefit Terms	-	-	-
Effect of Economic/Demographic Gains or (Losses)	28,061	-	-
Effect of Assumptions Changes or Inputs	(1,135,232)	196,976	(101,182)
Benefit Payments	(6,343)	(3,315)	-
Net Change in Total OPEB Liability	(661,971)	587,592	285,294
 Total OPEB Liability - Beginning	 2,703,402	 2,115,810	 1,830,516
Total OPEB Liability - Ending	<u>\$ 2,041,431</u>	<u>\$ 2,703,402</u>	<u>\$ 2,115,810</u>
 Covered-Employee Payroll	 \$ 6,362,636	 \$ 5,947,632	 \$ 5,301,291
 Total OPEB Liability as a Percentage of Covered-Employee Payroll	 32.08%	 45.45%	 39.91%

Notes to Schedule

Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, SE WA ALTC will present information for only those years for which information is available

No assets are accumulated in a trust to provide benefits under the plan.

Changes of assumptions reflect the changes in the discount rate each period.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PENSION PLANS, PERS 1 AND PERS 2/3
AS OF JUNE 30,
LAST 5 FISCAL YEARS**

	2019	2018	2017	2016	2015
PERS Plan 1					
Employer's Proportion of the Net Pension Liability	0.045748 %	0.045908 %	0.046106 %	0.398780 %	0.017857 %
Employer's Proportionate Share of the Net Pension Liability	\$ 1,759,173	\$ 2,050,267	\$ 2,187,766	\$ 2,141,636	\$ 934,087
Employer's Covered Employee Payroll	\$ 6,431,594	\$ 6,135,139	\$ 5,764,376	\$ 4,737,811	\$ 1,969,725
Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Employee Payroll	27.35 %	33.42 %	37.95 %	45.20 %	47.42 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.12 %	63.22 %	61.24 %	57.03 %	59.10 %
PERS Plan 2/3					
Employer's Proportion of the Net Pension Liability	0.059065 %	0.058942 %	0.057995 %	0.049803 %	0.021505 %
Employer's Proportionate Share of the Net Pension Liability	\$ 573,722	\$ 1,006,382	\$ 2,015,049	\$ 2,507,542	\$ 768,386
Employer's Covered Employee Payroll	\$ 6,431,594	\$ 6,135,139	\$ 5,710,990	\$ 4,685,101	\$ 1,924,011
Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Employee Payroll	8.92 %	16.40 %	35.28 %	53.52 %	39.94 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	97.77 %	95.77 %	90.97 %	85.82 %	89.20 %

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, SE WA ALTC will present information for only those years for which information is available.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PENSION PLANS, PERS 1 AND PERS 2/3
AS OF DECEMBER 31,
LAST 5 FISCAL YEARS**

	2019	2018	2017	2016	2015
PERS Plan 1					
Statutorily or Contractually Required Contributions	\$ 323,618	\$ 319,809	\$ 293,688	\$ 254,558	\$ 187,825
Contributions in Relation to the Statutorily or Contractually Required Contributions	(323,618)	(319,809)	(293,688)	(254,558)	(187,825)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employer Payroll	\$ 6,545,839	\$ 6,316,004	\$ 5,959,732	\$ 5,273,577	\$ 4,219,809
Contributions as a Percentage of Covered Employee Payroll	4.94 %	5.06 %	4.93 %	4.83 %	4.45 %
PERS Plan 2/3					
Statutorily or Contractually Required Contributions	\$ 505,419	\$ 473,697	\$ 407,869	\$ 327,018	\$ 233,925
Contributions in Relation to the Statutorily or Contractually Required Contributions	(505,419)	(473,697)	(407,869)	(327,018)	(233,925)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employer Payroll	\$ 6,545,839	\$ 6,316,001	\$ 5,935,004	\$ 5,218,600	\$ 4,193,625
Contributions as a Percentage of Covered Employee Payroll	7.72 %	7.50 %	6.87 %	6.27 %	5.58 %

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, SE WA ALTC will present information for only those years for which information is available.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2019**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Budgetary Fund Balance - January 1	\$ 6,769,411	\$ 6,239,827	\$ 9,017,889	\$ 2,778,062
Resources (Inflows):				
Grants	15,120,951	15,120,951	15,531,588	410,637
Charges for Services - State and Local	3,805,115	3,805,115	2,459,217	(1,345,898)
Investment Earnings	90,000	90,000	204,366	114,366
Other - Increase in State Advance	-	-	114,231	114,231
Other	-	-	8,073	8,073
Amount Available for Appropriation	19,016,066	19,016,066	18,317,475	(698,591)
Charges to Appropriations (Outflows)				
Salaries and Benefits	10,430,307	10,430,307	9,107,906	(1,322,401)
Supplies	318,420	378,420	340,370	(38,050)
Other Services	1,481,667	1,508,465	1,405,844	(102,621)
Vendor/Contractor Services	5,669,834	6,219,834	6,185,771	(34,063)
Equipment	81,000	81,000	44,647	(36,353)
Total Charges to Appropriations	17,981,228	18,618,026	17,084,538	(1,533,488)
Increase	1,034,838	398,040	1,232,937	834,897
Budgetary Fund Balance - December 31	<u>\$ 7,804,249</u>	<u>\$ 6,637,867</u>	<u>\$ 10,250,826</u>	<u>\$ 3,612,959</u>

Southeast Washington Aging and Long Term Care Council of Governments
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

Federal Agency (Pass-Through Agency)	Federal Program	Expenditures				Passed through to Subrecipients	Note
		CFDA Number	Other Award Number	From Pass- Through Awards	From Direct Awards	Total	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Senior Farmers Market Nutrition Program	10.576	1869-31850	20,899	-	20,899	4, 5
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	1969-41470	6,304	-	6,304	2, 5
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	1869-21657 & 1969-41470	94,958	-	94,958	2
Aging Cluster							
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	1869-21657 & 1969-41470	689,441	-	689,441	2, 5
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	1869-21657	96,029	-	96,029	2, 5
Total CFDA 93.044:						785,470	-

The accompanying notes are an integral part of this schedule.

ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	1869-21657 & 1969-41470	1,672,864	-	1,672,864	-	2,
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Nutrition Services Incentive Program	93.053	1969-41470	240,078	-	240,078	-	2
Total Aging Cluster:				2,698,412	-	2,698,412	-	
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048	1869-46654 & 1969-63876	86,327	-	86,327	-	2, 5
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	National Family Caregiver Support, Title III, Part E	93.052	1869-21657 & 1969-41470	281,703	-	281,703	-	2, 5
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Medicare Enrollment Assistance Program	93.071	1869-42157	18,840	-	18,840	-	2, 5
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	Evidence-Based Falls Prevention Programs Financed Solely by Prevention and Public Health Funds (PPHF)	93.761	GVS23737	43,363	-	43,363	-	2, 5

Medicaid Cluster

CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Medical Assistance Program	93.778	1869-31850 & 1969-53054	54,400	-	54,400	-	2
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Medical Assistance Program	93.778	1869-31850 & 1969-53054	3,983,391	-	3,983,391	-	2
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Medical Assistance Program	93.778	1869-31850 & 1969-53054	10,814	-	10,814	-	2
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Medical Assistance Program	93.778	1769-96783 & 1969-55155	50,856	-	50,856	-	2, 5
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Medical Assistance Program	93.778	1869-32290 & 1969-59278	15,454	-	15,454	-	2
Total Medicaid Cluster:				4,114,915	-	4,114,915	-	
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Money Follows the Person Rebalancing Demonstration	93.791	1869-21657 & 1969-41470	18,133	-	18,133	-	2
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Money Follows the Person Rebalancing Demonstration	93.791	1869-21657 & 1969-41470	50	-	50	-	2

The accompanying notes are an integral part of this schedule.

CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Money Follows the Person Rebalancing Demonstration	93.791	1769-96783 & 1969-55155	110	-	110	-	2, 5
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Money Follows the Person Rebalancing Demonstration	93.791	1869-32290 & 1969-59278	65	-	65	-	2
Total CFDA 93.791:				18,358	-	18,358	-	
HEALTH RESOURCES AND SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via University of Washington)	PPHF Geriatric Education Centers	93.969	UWSC11214	19,834	-	19,834	-	2, 5
Total Federal Awards Expended:				7,403,913	-	7,403,913	-	

**SOUTHEAST WASHINGTON COUNCIL OF GOVERNMENTS ON
AGING AND LONG TERM CARE
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019**

Note 1 – Basis of Accounting

The accompanying schedule of expenditures of federal awards is prepared on the same basis of accounting as the Agency's financial statements. The Agency uses the modified accrual basis of Accounting.

Note 2 – Program Costs

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

Note 3 – Program Income

The Agency uses the Deductive Method for Program Income. Program Income is used before billing Grant Funding.

Note 4 – Noncash Awards – Senior Farmer's Market Vouchers

Senior Farmer's Market Nutrition Program vouchers reported on the Schedule is the value of vouchers received by Agency during the current year and priced by ALTSA (\$19,360.00). Other Federal SFMNP funding is recorded here.

Note 5 – Indirect Cost Rate

The Agency has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

The Agency submitted as a part of the Area Plan Budget to the State of Washington, its Indirect Cost Allocation Plan. The allocation plan defines using indirect allocations based on relative value of expenditures of the programs being allocated to. The Area Plan Budget was approved.

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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