



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Aging and Adult Care of Central Washington

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

Published September 28, 2020

Report No. 1027019





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

September 28, 2020

Council
Aging and Adult Care of Central Washington
East Wenatchee, Washington

Report on Financial Statements and Federal Single Audit

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

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

Sincerely,

A handwritten signature in cursive script that reads "Pat McCarthy".

Pat McCarthy
State Auditor
Olympia, WA

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Aging and Adult Care of Central Washington January 1, 2019 through December 31, 2019

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of the Aging and Adult Care of Central Washington 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 its major federal program.

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

Identification of Major Federal Programs

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

<u>CFDA No.</u>	<u>Program or Cluster Title</u>
93.778	Medicaid Cluster – Medical Assistance 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 Adult Care of Central Washington
January 1, 2019 through December 31, 2019**

Council
Aging and Adult Care of Central Washington
East Wenatchee, 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 Adult Care of Central Washington, 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 7, 2020.

As discussed in Note 7 to the 2019 financial statements, in February 2020, a state of emergency was declared that could have a negative financial effect on the Agency. Management's plans in response to this matter are also described in Note 7.

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.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large, stylized "P" and "M".

Pat McCarthy

State Auditor

Olympia, WA

September 7, 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 Adult Care of Central Washington January 1, 2019 through December 31, 2019

Council
Aging and Adult Care of Central Washington
East Wenatchee, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the compliance of the Aging and Adult Care of Central Washington, 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.

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

Pat McCarthy
State Auditor
Olympia, WA

September 7, 2020

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Aging and Adult Care of Central Washington January 1, 2019 through December 31, 2019

Council
Aging and Adult Care of Central Washington
East Wenatchee, 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 Adult Care of Central Washington, 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 Adult Care of Central Washington, as of December 31, 2019, and the respective changes in financial position thereof, and the budgetary comparison for the General Fund, 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 7 to the 2019 financial statements, in February 2020, a state of emergency was declared that could have a negative financial effect on the Agency. Management's plans in response to this matter are also described in Note 7. 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 7, 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.

A handwritten signature in cursive script that reads "Pat McCarthy".

Pat McCarthy

State Auditor

Olympia, WA

September 7, 2020

FINANCIAL SECTION

Aging and Adult Care of Central Washington January 1, 2019 through December 31, 2019

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2019

BASIC FINANCIAL STATEMENTS

Governmental Funds Balance Sheet/Statement of Net Position – 2019

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

Statement of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual
General Fund – 2019

Notes to Financial Statements – 2019

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2019

Notes to Schedule of Expenditures of Federal Awards – 2019

Aging and Adult Care of Central Washington Management's Discussion and Analysis For the 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

Aging & Adult Care of Central Washington's (AACCW) liabilities and deferred inflows exceeded assets and deferred outflows by \$1,405,683 (reported as total net position). This net position was affected by the continued application of Governmental Accounting Standards Board (GASB) Statement 68, 75, 82 and the recognition of a net pension liability of \$1,023,910 and the recognition of a liability for other post-employment benefits (OPEB) as of December 31, 2019 of \$2,067,400. According to the GASB, the primary objective of these statements are to improve accounting and financial reporting by state and local governments for pensions and other post-employment benefits. It also improves information provided by state and local governmental employers about financial support provided by other entities.

AACCW's total net position increased by \$1,144,092. At the end of the year, total fund balance for the governmental funds was \$2,915,794.

Overview of the Financial Statements

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

AACCW 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 the AACCW's finances, in a manner similar to a private sector business.

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

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal years. 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 this statement for some items that will only result in cash flows in future periods (e.g. uncollected revenues and earned but unused vacation leave).

Aging and Adult Care of Central Washington Management's Discussion and Analysis For the Year Ended December 31, 2019

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. AACCW, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of AACCW are considered governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial 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 fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Condensed Comparative Financial Data

A condensed summary of AACCW's net position at December 31, 2019 and 2018 is shown below:

	2019	2018	Amount Increase/(Decrease)
Assets			
Current and Other Assets	3,319,075	2,770,200	548,875
Capital Assets	100,936	35,410	65,526
Total Assets	3,420,011	2,805,610	614,401
Deferred Outflows Related to Pensions	317,304	281,923	35,381
Liabilities			
Current Liabilities	421,377	367,395	53,982
Non-Current Liabilities	4,169,954	4,792,189	(622,235)
Total Liabilities	4,591,331	5,159,584	(568,253)
Deferred Inflows Related to Pensions	551,667	477,727	73,940
Net Position			
Net Investment in Capital			
Assets	100,936	35,410	65,526
Restricted	1,398,155	1,197,878	200,277
Unrestricted	(2,904,774)	(3,783,063)	878,289
Total Net Position	(1,405,683)	(2,549,775)	1,144,092

Current and other assets consist primarily of cash and cash equivalents and receivables for grant billings for state and federally funded programs and for other local services. Current liabilities consist of accounts payable and accrued expenses. Non-current liabilities consist of accrued vacation, net pension liability, OPEB liability and advance from DSHS. The decrease in net position is a result of the continued recognition of pension and OPEB liabilities.

Aging and Adult Care of Central Washington Management's Discussion and Analysis For the Year Ended December 31, 2019

Result of Operations

A condensed summary of governmental activities at December 31, 2019 and 2018 is shown below:

	2019	2018	Amount Increase (Decrease)	Percent Increase (Decrease)
REVENUES:				
Federal Grants	4,040,175	3,402,918	637,257	18.73%
State Grants	3,493,283	3,253,099	240,184	7.38%
Local Revenue	712,180	845,727	(133,547)	(15.79%)
TOTAL REVENUES:	8,245,638	7,501,744	743,894	9.92%
PROGRAM EXPENSES:				
Administration/Coordination	512,841	521,428	(8,587)	(1.65%)
Legal Assistance	69,993	76,401	(6,408)	(8.39%)
Access Services	3,434,053	3,374,798	59,255	1.76%
In-Home Services	228,216	202,184	26,032	12.88%
Nutrition Services	846,630	864,896	(18,266)	(2.11%)
Social & Health Services	1,286,825	1,185,742	101,083	8.52%
Other Activities	722,988	692,686	30,302	4.37%
TOTAL EXPENSES:	7,101,546	6,918,135	183,411	2.65%
Change in Net Position	1,144,092	583,609	560,483	96.04%
Net Position, beg of year	(2,549,775)	(1,595,950)	(953,825)	(59.77%)
Adjustment for OPEB	0	(1,537,437)	1,537,437	100%
Net Position, end of year	(1,405,683)	(2,549,775)	(1,144,092)	(44.87%)

The increase in total revenues of \$743,894 in 2019 was primarily due to the increase in Medicaid Transformation Project funding. Program expenses increased a net of \$183,411 in 2019, primarily due to an increase in Medicaid Transformation Project under Access Services and an increase in Health Homes under Other Activities.

Financial Analysis of the Governmental Funds Financial Statements

The general fund is the only operating fund of AACCCW. At December 31, 2019, the general fund balance was \$2,915,794. Restricted funds at December 31, 2019, of \$2,158,649 are the result of grant funds received in 2019. Committed funds are \$336,246 and Assigned funds are \$420,899.

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.

Aging and Adult Care of Central Washington Management's Discussion and Analysis For the Year Ended December 31, 2019

Other required information

In addition to this discussion and analysis, these reports also present required supplementary information on budgetary comparisons, net pension liability, and pension contributions.

Budget Highlights

Area Plan public hearings are held every other year to gain public input from each of the six counties AACCW serves. In addition, public community planning forums are conducted during the planning process. Proposed funding for programs for discretionary funds are presented for review. By October 1 of each year, AACCW prepares an Area Plan Budget, which is required by Aging and Long-Term Support Administration, which lists all budgeted and non-budgeted services for the following year. The Council of Governments makes the final approval.

After the start of the new fiscal year, AACCW prepares budgets for Older American Act (OAA) programs for the January to December period. Normally, final allocations are known by approximately April 1 or later after carryover is determined from the prior year. The State and Federal Budget is prepared for the July to June period after preliminary allocations are determined for Title XIX, Senior Citizens Services Act, State Family Caregiver Support Program, Kinship Caregiver Support Program, Kinship Navigator Program, Senior Drug Education Program, Expanded Home Delivered Meal Program and Senior Farmers Market Program. Federal funds not used at December 31, 2019, can likely be carried over to September 30, 2020. Unused State funds are available for use until June 30, 2020.

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. Actual resources were \$156,542 (1.8%) less than the final amended budget. The difference was due to slightly lower than expected revenues from several sources, mainly administration and Title XIX Case Management. Actual expenditures were \$669,531 (7.9%) less than the final amended budget. The main differences was with administration and Title XIX Case Management.

Noncurrent Liabilities

Noncurrent liabilities consist of the advance from DSHS of \$760,494, and accrued vacation of \$336,246 at December 31, 2019. In addition, there is a net pension liability of \$1,023,910 and OPEB non-current liability of \$2,049,304 as of December 31, 2019.

Capital Assets

AACCW's investment in capital assets at December 31, 2019, is \$100,936 net of accumulated depreciation. This investment is in vehicles and office equipment.

Aging and Adult Care of Central Washington Management's Discussion and Analysis For the Year Ended December 31, 2019

Economic and Other Factors

As of February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of a deadly new virus, COVID-19. These measures have closed schools, businesses, restaurants, cancelled public events, limited gathering sizes all to slow the spread of the virus. AACCW provides essential services and has continued to operate and serve the most vulnerable population. We have received federal stimulus funding to help with services during this time.

The pandemic has caused a significant economic impact on Washington State and like other states across the country; we are facing a significant budget shortfall. The Governor has issued a directive within each agency to identify savings options from fiscal year 2021 appropriations and to develop proposed reductions as part of the 2021-23 budget submittal process. These are necessary steps to achieve immediate savings and plan accordingly for a sharp decline in the states revenues.

Requests for Information

AACCW's financial report is designed to provide a general overview of the finances for those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to CFO, 270 9th Street NE, Suite 100, East Wenatchee, WA 98802

**Aging and Adult Care of Central Washington
Governmental Funds Balance Sheet/
Statement of Net Position
December 31, 2019**

ASSETS	General Fund	Adjustments Note 2	Statement of Net Position
Cash and Cash Equivalents	1,887,869		1,887,869
Petty Cash	100		100
Accounts Receivable-Due from Other Governments	1,388,679		1,388,679
Accounts Receivable-Other	0		0
Prepaid Expenses	42,427		42,427
Capital Assets (Net of Accumulated Depreciation):	0	100,936	100,936
Total Assets	3,319,075	100,936	3,420,011
DEFERRED OUTFLOWS of RESOURCES			
Deferred Outflows Related to Pensions		317,304	317,304
Total Assets and Deferred Outflows of Resources	3,319,075	418,240	3,737,315
LIABILITIES			
Accounts Payable	345,243		345,243
Payroll Benefits Payable	57,938		57,938
Other Current Liabilities	100		100
Current Portion of Other Post-Employment Benefits		18,096	18,096
Noncurrent Liabilities:			
Due to Other Governmental Units--			
DSHS Working Advance		760,494	760,494
Compensated Absences		336,246	336,246
Net Pension Liability		1,023,910	1,023,910
Other Post-Employment Benefits, Less Current Portion		2,049,304	2,049,304
Total Liabilities	403,281	4,188,050	4,591,331
DEFERRED INFLOWS of RESOURCES			
Deferred Inflows Related to Pensions		551,667	551,667
FUND BALANCE/NET POSITION			
Fund Balances:			
Nonspendable	0	0	
Restricted	2,158,649	(2,158,649)	
Committed	336,246	(336,246)	
Assigned	420,899	(420,899)	
Unassigned	0	0	
Total Fund Balances	2,915,794	(2,915,794)	
Total Liabilities and Fund Balances	3,319,075		
NET POSITION			
Net Investment In Capital Assets		100,936	100,936
Restricted		1,398,155	1,398,155
Unrestricted		(2,904,774)	(2,904,774)
Total Net Position		(1,405,683)	(1,405,683)

The notes to the financial statements are an integral part of this statement

Aging and Adult Care of Central Washington
Statement of Governmental Fund Revenues, Expenditures,
and Changes in Fund Balance/Statement of Activities
Year Ended December 31, 2019

	General Fund	Adjustment Note 2	Statement of Activities
REVENUES:			
Grant Revenues	8,100,108		8,100,108
Other	145,530		145,530
TOTAL REVENUES	8,245,638		8,245,638
EXPENDITURES:			
Administration	291,666	(28,012)	263,654
Core Services Contract Management	232,693	(27,189)	205,504
Coordination	43,981	(5,095)	38,886
Legal Services	69,993		69,993
Transportation	124,242		124,242
Information and Assistance	512,854	(52,097)	460,757
Case Management/Nursing Services	2,794,197	(337,177)	2,457,020
Aging Network Chore	196,027		196,027
Nutrition	846,630		846,630
MIPPA	13,232	(3,676)	9,556
Senior Drug Education Program	6,387	(1,022)	5,365
Disease Prevention	29,864		29,864
Elder Abuse	3,696		3,696
Kinship Caregiver Support Program	66,267	(680)	65,587
Kinship Navigator	91,470	(7,152)	84,318
Family Caregiver Support Program	965,504	(44,077)	921,427
Ombudsman	190,096	(19,273)	170,823
Personal Emergency Response System	32,189		32,189
Caregiver Training	198,262	(56)	198,206
Agency Workers' Insurance	79,899		79,899
Volunteer Program	23,424		23,424
Health Homes	304,238	(35,350)	268,888
No Wrong Door	6,955	(6,053)	902
Medicaid Transformation Project	411,301	(54,580)	356,721
Compensated Absences	0	55,912	55,912
Depreciation	0	15,305	15,305
Capital Assets	0	(80,831)	(80,831)
Other	197,582		197,582
TOTAL EXPENDITURES	7,732,649	(631,103)	7,101,546
NET CHANGE IN FUND BALANCE/NET POSITION	512,989	631,103	1,144,092
Beginning of the Year	2,402,805	(876,001)	(2,549,775)
End of the Year	2,915,794	(244,898)	(1,405,683)

The notes to financial statements are an integral part of this statement.

Aging Adult Care of Central Washington
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget to Actual
General Fund
For the Year Ended December 31, 2019

	Budgeted Amounts*		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Budgetary Fund Balance, January 1</u>			2,402,805	
Resources (Inflows)				
Grant Revenue	8,650,859	8,274,072	8,100,108	173,964
Miscellaneous Revenue	128,108	128,108	145,530	(17,422)
Amounts Available for Appropriation	8,778,967	8,402,180	8,245,638	156,542
Charges to Appropriations (Outflows)				
Social Services:				
Administration	433,130	386,480	291,666	94,814
Core Services Contract Management	382,140	378,110	232,693	145,417
Coordination	53,763	53,763	43,981	9,782
Legal Services	76,403	70,000	69,993	7
Transportation	124,242	124,242	124,242	0
Information & Assistance	508,067	500,662	512,854	(12,192)
Case Management/Nursing Services	3,105,621	3,024,102	2,794,197	229,905
Aging Network Chore	179,000	199,000	196,027	2,973
Nutrition	1,233,286	947,126	846,630	100,496
MIPPA	9,934	20,097	13,232	6,865
Senior Drug Education Program	12,612	12,612	6,387	6,225
Disease Prevention	59,643	58,738	29,864	28,874
Elder Abuse	4,265	4,265	3,696	569
Kinship Care	57,661	62,534	66,267	(3,733)
Kinship Navigator	79,426	79,426	91,470	(12,044)
Family Caregiver Support Program	922,628	925,719	965,504	(39,785)
Multi-Purpose Senior Center	6,000	6,000	0	6,000
Ombudsman	192,381	192,572	190,096	2,476
Personal Emergency Response	28,140	38,140	32,189	5,951
Caregiver Training**	216,905	198,266	198,262	4
Agency Worker Insurance**	79,236	79,899	79,899	0
Volunteer Program	30,000	30,000	23,424	6,576
Health Homes**	281,107	307,050	304,238	2,812
No Wrong Door	11,333	11,333	6,955	4,378
Medicaid Transformation Project	420,772	420,772	411,301	9,471
Other	271,272	271,272	197,582	73,690
Total Charges to Appropriations	8,778,967	8,402,180	7,732,649	669,531
Budgetary Fund Balance, December 31	0	0	2,915,794	(512,989)

*Budgets are based on two different funding cycles

**AAA non-budgeted services

The notes to financial statements are an integral part of this statement.

Aging and Adult Care of Central Washington
Notes to Financial Statements
January 1, 2019 through December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

AACCW was incorporated in 1989 and operates under the State of Washington Interlocal Government Cooperation Act Agreement applicable to Council of Governments. The Columbia River Council of Governments, which governs AACCW, is composed of one County Commissioner from each of the six 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 AACCW.

AACCW has no component units.

B. Basis of Presentation - Government-Wide and Fund Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Our policy is not to allocate indirect costs to a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

C. Measurement Focus, Basis of Accounting:

The government-wide financial statements 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. Grants and similar items are recognized as revenue as soon as eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, AACCW considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Aging and Adult Care of Central Washington
Notes to Financial Statements
January 1, 2019 through December 31, 2019

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only at the end of the year.

The general fund is the operating fund and is the only governmental fund reported.

D. Budgetary Information:

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

Transfers or revisions are generally allowed up to 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 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.

E. Assets, Liabilities, Fund Balance, Net Position:

1. Cash and Cash Equivalents

The Agency considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash.

2. Receivables

Accounts receivable from governments are primarily from ALTSA.

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

3. Amounts Due to and from Other Governmental Units

The amounts include due to State of Washington, Department of Social and Health Services (DSHS), for a two-month working advance. As of December 31, 2019, the total long-term liability is \$760,494.

4. Capital Assets

Capital assets are defined by AACCW 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 valued at historical cost. These consist primarily of office equipment and vehicles. The costs for normal maintenance and repairs are not capitalized. Although depreciation of capital assets is not recorded in governmental funds, straight-line depreciation is calculated for presentation purposes and accumulated depreciation is recorded using the estimated useful life of 5 years. Assets are included within applicable funds.

Aging and Adult Care of Central Washington
Notes to Financial Statements
January 1, 2019 through December 31, 2019

5. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows and inflows of resources. This separate financial statement element, deferred outflows and inflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) or an inflow of resources (revenue) until that time.

6. Compensated Absences

Compensated absences are absences for which employees will be paid, such as annual leave. Full-time employees earn eight hours of annual leave per month with longevity bonuses granted upon completion of 2, 3, 5, 10, 15 and 20 years of service and is payable upon resignation, retirement, or death. Annual leave is accrued in the financial statements. Full-time employees earn eight hours of sick leave per month. Sick leave is not vested; therefore, is not accrued in the financial statements. As of December 31, 2019, accumulated annual leave was \$336,246.

7. 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/deductions 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.

8. Other Post-Employment Benefits

For purposes of measuring the liability for other post-employment benefits and related expense, information was obtained using a tool developed by the Washington Office of the State Actuary for agencies with less than 100 persons receiving medical benefits provided by the Public Employee Benefits Board (PEBB). The tool is based on the Washington State 2018 PEBB OPEB Actuarial Valuation Report and OPEB Actuarial Valuation for the State's June 30, 2019 Fiscal Year-End and is considered an alternative measurement method as allowed by GASB Statement No. 75 *Accounting and Financial Reporting For Post-Employment Benefits Other Than Pensions*.

9. 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.

Aging and Adult Care of Central Washington

Notes to Financial Statements

January 1, 2019 through December 31, 2019

- a. **Nonspendable Fund Balance:** These are amounts that are not in a form that can be spent, or according to law or contract cannot be spent. Items such as inventories, prepaid amounts, and long-term notes receivable.
- b. **Restricted Fund Balance:** These are amounts that can be spent only for the specific purposes designated by external providers, constitutionally, or through enabling legislation. Restrictions are changed or lifted only with the consent of resource providers. External resource providers could include creditors, grantors, and donors.
- c. **Committed Fund Balance:** These are amounts that can only be used for the specific purposes determined by a formal action of a government's highest level of decision-making authority. Changing or removing a commitment requires taking the same formal action that originally imposed the constraint.
- d. **Assigned Fund Balance:** These are amounts intended to be used by the government for specific purpose that are neither restricted nor committed. The Assigned Fund Balance has the Contingency Reserve portion and the Specific Purpose portion. The Contingency Reserve portion would be require approval from both The Executive Director and the Council of Governments. The fund will be replenished as needed by revenues generated from miscellaneous and local discretionary funds. All accounting adjustments will be authorized by the CFO/HR. All accounting adjustments to the Specific Purpose portion will be authorized by the CFO/HR.
- e. **Unassigned Fund Balance:** This is the amount remaining in the fund after classifying amounts as nonspendable, restricted, or assigned. Unassigned amounts are technically available for any purpose. The General Fund is the only fund that will have a positive unassigned fund balance.

10. Fund Balance Details

Restricted Fund Balance:	
TXIX Medicaid/Aging Network -	\$1,049,056
Medicaid Transformation Project -	\$349,099
DSHS Working Advance -	\$760,494
 Committed Fund Balance:	
Compensated Absences -	\$336,246
 Assigned Fund Balance:	
Contingency Reserve -	\$10,461
Specific Purpose -	\$410,438

11. Minimum Fund Balance

AACCW has adopted a minimum fund balance policy classified as Contingency Reserve, which is part of the Assigned Fund Balance. AACCW will strive to maintain a range between 3% and 6% of the unrestricted fund balance. The Contingency Reserve Fund Balance is intended to be used in the event of unanticipated circumstances, such as a natural disaster, a lawsuit, unexpected significant budget cuts, or unanticipated replacement of infrastructure such as computer networks or telephone systems.

Aging and Adult Care of Central Washington
Notes to Financial Statements
January 1, 2019 through December 31, 2019

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

- A.** Explanation of Certain Differences between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Position.

Governmental Funds Balance Sheet	\$ 2,915,794
Plus capital assets	\$ 100,936
Plus deferred outflows related to pensions	\$ 317,304
Less DSHS working advance	\$ (760,494)
Less Current portion of OPEB liability	\$ (18,096)
Less compensated absences	\$ (336,246)
Less net pension liability	\$(1,023,910)
Less OPEB liability, less current portion	\$(2,049,304)
Less deferred inflows related to pensions	\$ (551,667)
Net difference	\$(4,321,477)
Statement of Net Position	\$(1,405,683)

- B.** Explanation of Certain Differences between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities.

Change in Fund Balance	\$ 512,989
Plus change to accrual for compensated absences	\$ 55,912
Plus depreciation expense	\$ 15,305
Less capital assets	\$ (80,831)
Less OPEB expense	\$ (369,227)
Less pension expense	\$ (252,262)
Net difference in expenditures	\$ 631,103
Change in Net Position Government-Wide Activities	\$ 1,144,092

NOTE 3 – DEPOSITS

The Agency's deposits are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). The Agency's bank balance as of December 31, 2019 is \$1,887,869.

**Aging and Adult Care of Central Washington
Notes to Financial Statements
January 1, 2019 through December 31, 2019**

NOTE 4 – PENSION PLANS

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

Aggregate Pension Amounts – All Plans	
Pension liabilities	\$ 1,023,910
Pension assets	\$ 0
Deferred outflows of resources	\$ 317,304
Deferred inflows of resources	\$ 551,667
Pension expense/expenditures	\$ 114,348

State Sponsored Pension Plans

Substantially all Agency full-time and qualifying part-time employees participate in the Public Employees' Retirement System (PERS) 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, WA 98504-8380

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 two percent 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 non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death

Aging and Adult Care of Central Washington

Notes to Financial Statements

January 1, 2019 through December 31, 2019

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.

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. 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 percent. 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		
Actual Contribution Rates:	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 two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent 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 three percent 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.

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent 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

Aging and Adult Care of Central Washington

Notes to Financial Statements

January 1, 2019 through December 31, 2019

of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent 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 ten 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 percent and escalate to 15 percent 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.

Contributions

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 percent. 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		
Actual Contribution Rates:	Employer 2/3	Employee 2
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%

The Agency's actual PERS plan contributions were \$150,275 to PERS Plan 1 and \$216,335 to PERS Plan 2/3 for the year ended December 31, 2019.

Aging and Adult Care of Central Washington Notes to Financial Statements January 1, 2019 through December 31, 2019

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 percent 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 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.

Discount Rate

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

To determine that rate, an asset sufficiency test included an assumed 7.5 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.5 percent). Consistent with the long-term expected rate of return, a 7.4 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being

Aging and Adult Care of Central Washington

Notes to Financial Statements

January 1, 2019 through December 31, 2019

made at contractually required rates (including PERS 2/3 employers, whose rates include a component for the PERS 1 plan liabilities). 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 percent 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 percent 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 percent 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%	

Sensitivity of Net Pension Liability/ (Asset)

The table below presents the Agency's proportionate share of the net pension liability calculated using the discount rate of 7.4 percent, as well as what the Agency'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 percent) or 1-percentage point higher (8.4 percent) than the current rate.

Plan	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	\$ 983,155	\$785,068	\$ 613,201
PERS 2/3	1,831,829	238,843	(1,068,308)

Aging and Adult Care of Central Washington
Notes to Financial Statements
January 1, 2019 through December 31, 2019

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, the Agency reported a total pension liability of \$1,023,910 for its proportionate share of the net pension liabilities as follows:

Plan	Liability (or Asset)
PERS 1	\$785,068
PERS 2/3	238,843

At June 30, the Agency's proportionate share of the collective net pension liabilities was as follows:

Plan	Proportionate Share 6/30/18	Proportionate Share 6/30/19	Change in Proportion
PERS 1	.020221%	.020416%	.000195%
PERS 2/3	.024110%	.024589%	.000479%

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* for all plans.

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

Pension Expense

For the year ended December 31, 2019, the Agency recognized pension expense as follows:

Plan	Pension Expense
PERS 1	\$44,944
PERS 2/3	69,404
TOTAL	114,348

Aging and Adult Care of Central Washington
Notes to Financial Statements
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Deferred Outflows of Resources and Deferred Inflows of Resources

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

PERS I	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$0	\$0
Net difference between projected and actual investment earnings on pension plan investments	\$0	(\$52,449)
Changes of assumptions	\$0	\$0
Changes in proportion and differences between contributions and proportionate share of contributions	\$0	\$0
Contributions subsequent to the measurement date	\$74,672	\$0
TOTAL	\$74,672	(\$52,449)

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$68,429	(\$51,350)
Net difference between projected and actual investment earnings on pension plan investments	\$0	(\$347,658)
Changes of assumptions	\$6,116	(\$100,210)
Changes in proportion and differences between contributions and proportionate share of contributions	\$55,336	\$0
Contributions subsequent to the measurement date	\$112,751	\$0
TOTAL	\$242,632	(\$499,218)

Aging and Adult Care of Central Washington
Notes to Financial Statements
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PERS 1/PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$68,429	(\$51,350)
Net difference between projected and actual investment earnings on pension plan investments	\$0	(\$400,107)
Changes of assumptions	\$6,116	(\$100,210)
Changes in proportion and differences between contributions and proportionate share of contributions	\$55,336	\$0
Contributions subsequent to the measurement date	\$187,423	\$0
TOTAL	\$317,304	(\$551,667)

Deferred outflows of resources related to pensions resulting from the Agency'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:

Year ended December 31:	PERS 1
2020	(\$11,578)
2021	(\$27,426)
2022	(\$9,787)
2023	(\$3,658)
Total Deferred (Inflows) Outflows	(\$52,449)

Year ended December 31:	PERS 2/3
2020	(\$94,400)
2021	(\$167,440)
2022	(\$68,142)
2023	(\$31,361)
2024	(\$12,671)
Thereafter	\$4,677
Total Deferred (Inflows) Outflows	(\$369,337)

Aging and Adult Care of Central Washington
Notes to Financial Statements
January 1, 2019 through December 31, 2019

NOTE 5 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB Statement 75 for the year 2019:

Aggregate OPEB Amounts – All Plans	
OPEB liabilities	\$ 2,067,400
OPEB assets	\$ -
Deferred outflows of resources	\$ -
Deferred inflows of resources	\$ -
OPEB expenses/expenditures	\$ (346,375)

Plan Description

In addition to pension benefits described above in Note 4, AACCW provides OPEB under a single-employer defined benefit plan through its membership in the Public Employees Benefits Board (PEBB). PEBB created within Health Care Authority (HCA), is authorized to design benefits and determine the terms and coverage, including establishment of eligibility criteria for both active and retired employees. Benefits purchased by PEBB include medical, dental, life insurance, and long-term disability. The 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.

Financial information for this OPEB plan can be obtained from HCA.

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

Inactive employees or beneficiaries currently receiving benefits	4
Active Employees	56
Total	60

Funding Policy

The funding policy is based upon the pay-as-you-go financing requirements. There are no assets accumulated in a qualifying trust.

AACCW's total OPEB liability was measured as of June 30, 2019, using the alternative measurement method. This method was used in place of an actuarial valuation. No update procedures were used to roll forward to December 31, 2019.

Aging and Adult Care of Central Washington

Notes to Financial Statements

January 1, 2019 through December 31, 2019

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:

Discount Rate (Beginning of Measurement Year): 3.87%
Discount Rate (End of Measurement Year): 3.50%
Salaries: 3.50% + Service-Based Increases
Healthcare Cost Trend Rates: Initial rate is approximately 7%, trends down to about 5% in 2020, age setback 1 year
Mortality rates were based on Healthy RP-2000 Mortality tables, with mortality improvement 100% scale BB applied
Inflation Rate: 2.75%
Post-Retirement Participation Percentage: 65%
Percentage with Spouse Coverage: 45%

The discount rate was based on Bond Buyer General Obligation 20-Bond Municipal Index.

The following presents the total OPEB liability for AACCW calculated using the current healthcare cost trend rate of 7%, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (6%) or 1-percentage point higher (8%).

	1% Decrease (6%)	Current Healthcare Cost Trend Rate (7%)	1% Increase (8%)
Total OPEB Liability	\$1,692,753	\$2,067,400	\$2,557,672

The following presents the total OPEB liability for AACCW calculated using the discount rate of 3.50%, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.50%) or 1-percentage point higher (4.50%).

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB Liability	\$2,486,818	\$2,067,400	\$1,736,442

Changes in the Total OPEB Liability

Plan Name	
Total OPEB Liability at 01/01/2019	\$2,436,627
Service Cost	\$ 120,625
Interest	\$ 98,528
Changes of benefit terms	\$ 0
Differences between expected and actual experience	\$ (565,528)
Benefit payments	\$ (22,852)
Other changes	\$ 0
Total OPEB Liability at 12/31/19	\$2,067,400

Due to the nature of the OPEB liability, there are no deferred outflows or inflows of resources.

Aging and Adult Care of Central Washington
Notes to Financial Statements
January 1, 2019 through December 31, 2019

NOTE 6 – CAPITAL ASSETS

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

Governmental Activities	Beginning Balance 01/01/2019	Increases	Decreases	Ending Balance 12/31/2019
Capital assets being depreciated-equipment and vehicles	35,993	80,831	0	116,824
Less: accumulated depreciation-equipment and vehicles	583	15305	0	15888
Total capital assets being depreciated, net	35410	65526	0	100936
Governmental activities capital assets, net	35410	65526	0	100936

NOTE 7 – 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, known as COVID-19. 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, and limiting gathering sizes.

AACCW continues to respond to the pandemic as an essential service to the community. AACCW's offices have been closed to the public until Phase 2, with many employees working multiple days remotely. Most in-person client contact, including home visits, have temporarily been replaced with telephone contacts.

One of the biggest impacts to AACCW is in senior nutrition services. Congregate meal sites have been closed and home delivered meal methods have been used in varying ways, including frozen meals.

AACCW currently has a contract to receive \$1,263,779 in Federal Families First Coronavirus Response Act and CARES Act to help with needed services through September 2021. The length of time and the full extent of the financial impact on the Agency is unknown at this time.

NOTE 8 – ENDURIS

The Agency is a member of Enduris. Chapter 48.62 RCW provides the exclusive source of local government entity authority to individually or jointly self-insure risks, jointly purchase insurance or reinsurance, and to contract for risk management, claims, and administrative services. The Pool was formed July 10, 1987 pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW when two counties and two cities in the State of Washington joined together by signing an interlocal governmental agreement

Aging and Adult Care of Central Washington
Notes to Financial Statements
January 1, 2019 through December 31, 2019

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 the Pool and share in the self-insured retention. 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 self-insured retentions 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.

The contract requires members to remain in the Pool for a minimum of one year and must give notice of 60 days before terminating participation. The Master Agreement (Intergovernmental Contract) is automatically renewed after the initial one (1) 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 the Pool 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.

Aging and Adult Care of Central Washington
Notes to Financial Statements
January 1, 2019 through December 31, 2019

NOTE 9 – OPERATING LEASES

The Agency leases its East Wenatchee office under a 20 year lease that terminates on March 22, 2020. Effective April 1, 2020, The Agency leases its East Wenatchee office under a 10 year lease that terminates March 31, 2030. The monthly rent is currently \$17,786. The Agency subleases a portion of office space to PRN under a month-to-month lease for \$200 per month. The Agency rents office space in Omak under month-to-month lease for \$2,045 per month. Effective April 10, 2020, The Agency leases office space in Omak under a one year lease that terminates on April 9, 2021. The monthly rent is \$2,745. PRN subleases a portion of the Omak office on a month-to-month lease for \$100 per month. Moses Lake office leases space under a 5-year lease effective March 1, 2019 for \$4,835 per month that terminates February 28, 2024.

Rent was paid on the facilities in the amount of \$252,236 in 2019 (\$237,022 in 2018). Future minimum lease payments are as follows:

December 31, 2020	\$289,402	December 31, 2023	\$276,987
December 31, 2021	276,987	December 31, 2024	220,702
December 31, 2022	276,987	Dec. 31, 2025 - 2029	211,032/yr.

Aging & Adult Care of Central Washington
Schedule of Changes in Total OPEB Liability and Related Ratios
PEBB
For the year ended December 31, 2019
Last 10 Fiscal Years*

	2019	2018
Total OPEB liability - beginning	\$ 2,436,627	\$ 2,384,935
Service cost	120,625	114,517
Interest	98,528	89,217
Changes in benefit terms	0	0
Differences between expected and actual experience	(565,528)	(137,223)
Changes of assumptions	0	0
Benefit payments	(22,852)	(14,819)
Other changes		
Total OPEB liability - ending	<u>2,067,400</u>	<u>2,436,627</u>
Covered-employee payroll	2,916,400	2,651,286
Total OPEB liability as a % of covered payroll	70.89%	91.90%

Notes to Schedule:

- * Until a full 10-year trend is compiled, only information for those years available is presented.
No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

AGING & ADULT CARE OF CENTRAL WASHINGTON
Schedule of Proportionate Share of the Net Pension Liability
PERS PLAN 1
As of June 30, 2019
Last 10 Fiscal Years*

		2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	%	0.020416%	0.020221%	0.020723%	0.021302%	0.020485%
Employer's proportionate share of the net pension liability	\$	785,068	903,077	983,323	1,144,018	1,071,556
TOTAL	\$	785,068	903,077	983,323	1,144,018	1,071,556
Covered payroll	\$	2,777,698	2,645,172	2,544,263	2,407,623	2,224,414
Employer's proportionate share of the net pension liability as a percentage of covered payroll	%	28.26%	34.14%	38.65%	47.52%	48.17%
Plan fiduciary net position as a percentage of the total pension liability	%	67.12%	63.22%	61.24%	57.03%	59.10%

Notes to Schedule:

*Until a full 10-year trend is compiled, only information for those years available is presented.

AGING & ADULT CARE OF CENTRAL WASHINGTON
Schedule of Proportionate Share of the Net Pension Liability
PERS PLAN 2/3
As of June 30, 2019
Last 10 Fiscal Years*

		2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	%	0.024589%	0.024110%	0.023578%	0.022598%	0.021970%
Employer's proportionate share of the net pension liability	\$	238,843	411,657	819,223	1,137,791	785,001
TOTAL	\$	238,843	411,657	819,223	1,137,791	785,001
Covered payroll	\$	2,698,877	2,645,172	2,544,263	2,407,623	2,224,414
Employer's proportionate share of the net pension liability as a percentage of covered payroll	%	8.85%	15.56%	32.20%	47.26%	35.29%
Plan fiduciary net position as a percentage of the total pension liability	%	97.77%	95.77%	90.97%	85.82%	89.20%

Notes to Schedule:

*Until a full 10-year trend is compiled, only information for those years available is presented.

AGING & ADULT CARE OF CENTRAL WASHINGTON
Schedule of Employer Contributions
PERS PLAN 1
For the year ended December 31, 2019
Last 10 Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Statutorily or contractually required contributions</u>	\$ 150,275	138,608	130,134	124,602	105,944
<u>Contributions in relation to the statutorily or contractually required contributions</u>	\$ (150,275)	(138,608)	(130,134)	(124,602)	(105,944)
<u>Contribution deficiency (excess)</u>	\$ <u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Covered payroll</u>	\$ 2,913,907	2,645,172	2,544,263	2,407,623	2,224,414
<u>Contributions as a percentage of covered payroll</u>	% 5.16%	5.24%	5.11%	5.18%	4.76%

Notes to Schedule:

*Until a full 10-year trend is compiled, only information for those years available is presented.

AGING & ADULT CARE OF CENTRAL WASHINGTON
Schedule of Employer Contributions
PERS PLAN 2/3
For the year ended December 31, 2019
Last 10 Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Statutorily or contractually required contributions</u> \$	216,335	191,681	164,797	138,731	112,554
<u>Contributions in relation to the statutorily or contractually required contributions</u> \$	<u>(216,335)</u>	<u>(191,681)</u>	<u>(164,797)</u>	<u>(138,731)</u>	<u>(112,554)</u>
<u>Contribution deficiency (excess)</u> \$	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Covered payroll</u> \$	2,830,535	2,645,172	2,544,263	2,407,623	2,224,414
<u>Contributions as a percentage of covered payroll</u> %	7.64%	7.25%	6.48%	5.76%	5.06%

Notes to Schedule:

*Until a full 10-year trend is compiled, only information for those years available is presented.

**Aging and Adult Care of Central Washington
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via Washington DSHS-ALTSA)	Senior Farmers Market Nutrition Program	10.576	1869-31855(3)	13,920	-	13,920	13,920	4
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington DSHS-ALTSA)	Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	1869-21837(4)	3,696	-	3,696	-	
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington DSHS-ALTSA)	Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	1869-21837(4)	6,739	-	6,739	6,739	
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington DSHS-ALTSA)	Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	1969-41481(3)	325	-	325	-	
Total CFDA 93.043:				7,064	-	7,064	6,739	
Aging Cluster								
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington DSHS-ALTSA)	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	1869-21837(4)	177,659	-	177,659	83,278	
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington DSHS-ALTSA)	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	1969-41481(3)	551,482	-	551,482	253,018	
Total CFDA 93.044:				729,141	-	729,141	336,296	
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington DSHS-ALTSA)	Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	1869-21837(4)	258,111	-	258,111	236,071	

The accompanying notes are an integral part of this schedule.

ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington DSHS-ALTSA)	Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	1969-41481(3)	406,074	-	406,074	380,368
			Total CFDA 93.045:	664,185	-	664,185	616,439
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington DSHS-ALTSA)	Nutrition Services Incentive Program	93.053	1969-41481(3)	95,081	-	95,081	95,081
			Total Aging Cluster:	1,488,407	-	1,488,407	1,047,816
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington DSHS-ALTSA)	Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048	1869-46636	11,333	-	11,333	-
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington DSHS-ALTSA)	National Family Caregiver Support, Title III, Part E	93.052	1969-41481(3)	218,392	-	218,392	56,810
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington DSHS-ALTSA)	Medicare Enrollment Assistance Program	93.071	1869-42156(1)	13,524	-	13,524	-
Medicaid Cluster							
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington DSHS-ALTSA)	Medical Assistance Program	93.778	1969-53063(2)	1,629,464	-	1,629,464	-
			Total Medicaid Cluster:	1,629,464	-	1,629,464	-
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington DSHS-ALTSA)	Money Follows the Person Rebalancing Demonstration	93.791	1969-53063(2)	7,374	-	7,374	-
			Total Federal Awards Expended:	3,393,174	-	3,393,174	1,125,285

The accompanying notes are an integral part of this schedule.

Aging and Adult Care of Central Washington

Notes to Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2019

NOTE 1 – BASIS OF ACCOUNTING

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

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.

NOTE 3 – TITLE XIX

The agency receives a unit rate reimbursement for Title XIX Case Management/Nursing Services and Core Services Contract Management; actual expenditures may differ.

NOTE 4 – NONCASH AWARDS – SENIOR FARMERS MARKET VOUCHERS

The amount of Senior Farmers Market Nutrition Program vouchers reported on the schedule is the value of vouchers received by the agency during the current year and priced by the State of Washington Aging and Long-Term Support Administration.

NOTE 5 – INDIRECT COST RATE

The agency does not have an approved indirect cost rate and has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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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Contact information for the State Auditor's Office	
Public Records requests	PublicRecords@sao.wa.gov
Main telephone	(564) 999-0950
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov