



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Spokane Regional Health District

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

Published December 24, 2020

Report No. 1027519





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

December 24, 2020

Board of Health
Spokane Regional Health District
Spokane, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the Spokane Regional Health District's financial statements and compliance with federal laws and regulations.

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

Sincerely,

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

Pat McCarthy
State Auditor
Olympia, WA

Americans with Disabilities

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

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Spokane Regional Health District January 1, 2019 through December 31, 2019

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of the Spokane Regional Health District 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 District.

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 District'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>
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children
10.561	SNAP Cluster - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
93.889	National Bioterrorism Hospital Preparedness Program

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

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

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Spokane Regional Health District January 1, 2019 through December 31, 2019

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

Audit Period: January 1, 2018 through December 31, 2018	Report Ref. No.: 1024764	Finding Ref. No.: 2018-001
Finding Caption: The District's internal controls over financial statement preparation were not adequate to ensure accurate and complete financial reporting.		
Background: The District's internal controls were not adequate to ensure that financial information it reported was accurate and supported. The District's process to evaluate and implement Governmental Accounting Standards Board (GASB) requirements was not sufficient. Further, no one independently reviewed the financial statements to ensure balances reported in the financial statements were accurate, supported and properly classified according to GAAP. The District experienced turnover in the Health Administrator position. This caused a change in the normal review process, because the Comptroller who normally performed the secondary review was serving in the role as the Interim Health Administrator. Further, the District did not dedicate the proper time and resources to properly evaluate new GASB requirements. The District did not report amounts related to GASB Statement No. 75, which became effective starting with the District's 2018 reporting year. Specifically, the District understated Deferred Outflows and Deferred Inflows by \$88,899 and \$1,030,489 respectively. We noted other immaterial presentation errors and information missing from required note disclosures related to implementation of GASB 75. In addition, the District's Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position contained the following errors: <ul style="list-style-type: none"> • Assets understated by \$11,000 • Liabilities understated by \$3,952,062 • Net position understated by \$3,941,062 		
Status of Corrective Action: (check one) <div style="display: flex; justify-content: space-between;"> <div> <input type="checkbox"/> Fully Corrected </div> <div> <input checked="" type="checkbox"/> Partially Corrected </div> <div> <input type="checkbox"/> Not Corrected </div> <div> <input type="checkbox"/> Finding is considered no longer valid </div> </div>		

Corrective Action Taken:

The District appreciates the opportunity to respond to the deficiencies identified by the staff of the Washington State Auditor's Office and acknowledges that the District did not have sufficient controls in place to ensure that our financial statements were free from error. As noted in the auditor's report, the District experienced turnover in the Administrator position, which was backfilled by the Comptroller, as a Co-Interim Director. Additionally, the Accounting Manager was backfilling a vacant finance staff position. The vacant finance position also caused a delay in providing data necessary for the actuary to complete the GASB 75 report for the District. The District did not receive the report until May 16th. Therefore, the District employee responsible for preparing and reviewing the financial statements was unable to dedicate sufficient time and resources to ensure accurate and complete financial reports. Prior to uploading the schedules to the SAO website, links are removed from the schedules. Regrettably, this caused the version of the financial statements uploaded to the SAO website on the night of the May 30th deadline to be incomplete. The links removed from the spreadsheet just prior to upload unfortunately removed critical values from the schedules. Omitting these critical values were significant enough to require a finding. The error with the upload was not discovered until the audit when the District's working papers did not agree with the version uploaded to the SAO website. The District immediately fixed the errors identified prior to the close of the audit.

The District will adopt a better review process on the financial statement preparations including ensuring documentation uploaded to the SAO website is complete. In the future, the District will also ensure the finance department has the appropriate staffing resources to complete and review the financial statement preparations. Given the time to perform a proper review, the District is confident that a similar error will not be repeated.

The District was significantly impacted by the COVID-19 pandemic response. The Accounting Manager was assigned to the Inland COVID-19 response team in collaboration with the City of Spokane and Spokane County. The Chief Administrative Officer (former Comptroller title) resigned from the District in April 2020. The Accounting Manager was reassigned back to the finance department in late April so the annual report could be prepared by the May 29th deadline. The Accounting Manager ensured the financial statements uploaded to the SAO site were complete before submitting. Additionally, when the deadline was extended to June 14th, the Accounting Manager was able to contact the SAO office for guidance on GASB presentation on specific financial statements.

The District is currently recruiting for a Deputy Administrative Officer who will provide oversight to the finance department and be involved in the annual report review process in 2021 and the review of new GASBs.

Additionally, the District has contracted with an outside agency to evaluate the staffing levels of the finance department and make recommendations for the District.

**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**

**Spokane Regional Health District
January 1, 2019 through December 31, 2019**

Board of Health
Spokane Regional Health District
Spokane, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Spokane Regional Health District, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 17, 2020.

As discussed in Note 12 to the 2019 financial statements, in February 2020, a state of emergency was declared that could have a negative financial effect on the District.

As discussed in Note 13 to the financial statements, in 2019, the District reported a prior period adjustment for the correction of a misstatement in the previously issued financial statements.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the District'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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 District'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 District's financial statements are free from material misstatement, we performed tests of the District'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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However,

this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

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

Pat McCarthy

State Auditor

Olympia, WA

December 17, 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**

**Spokane Regional Health District
January 1, 2019 through December 31, 2019**

Board of Health
Spokane Regional Health District
Spokane, Washington

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

We have audited the compliance of the Spokane Regional Health District, 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 District's major federal programs for the year ended December 31, 2019. The District'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 District'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 District'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 District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District 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.

Other Matters

We noted certain matters that we have reported to the management of the District in a separate letter dated December 17, 2020.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the District 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 District'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 District'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.

We noted certain matters that we have reported to the management of the District in a separate letter dated December 17, 2020.

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 that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy

State Auditor

Olympia, WA

December 17, 2020

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Spokane Regional Health District January 1, 2019 through December 31, 2019

Board of Health
Spokane Regional Health District
Spokane, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities and each major fund of the Spokane Regional Health District, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed on page 18.

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 District'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 District'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 Spokane Regional Health District, 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 12 to the 2019 financial statements, in February 2020, a state of emergency was declared that could have a negative financial effect on the District. Our opinion is not modified with respect to this matter.

As discussed in Note 13 to the financial statements, the 2018 financial statements have been restated to correct a misstatement. 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 18 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 District'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 December 17, 2020 on our consideration of the District'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 District's internal control over financial reporting and compliance.

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

Pat McCarthy

State Auditor

Olympia, WA

December 17, 2020

FINANCIAL SECTION

Spokane Regional Health District 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

Reconciliation – Balance Sheet / Statement of Net Position – 2019

Notes to Financial Statements – 2019

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
General Fund – 2019

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

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

Schedule of Changes in Total OPEB Liability and Related Ratios – Post-employment
healthcare benefits – 2019

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2019

Notes to the Schedule of Expenditures of Federal Awards – 2019

Spokane Regional Health District
Annual Report
For the Fiscal Year Ended December 31, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management Discussion and Analysis (MD&A) of the Spokane Regional Health District (SRHD) provides an introduction to the major activities affecting the operations of the Health District and an introduction and overview to the financial performance and statements of the Spokane Regional Health District for the fiscal year ended December 31, 2019.

Discussion of the Basic Financial Statements

SRHD's basic financial statements that follow this MD&A provide detail on both a government-wide and fund basis. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government.

The statement of net position presents the district as one economic unit using the economic resources measurement focus and the accrual basis of accounting. Net position is reported in categories of net investment in capital assets, restricted and unrestricted.

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 to allocate indirect costs to a specific function or segment.

Separate fund financial statements are provided for governmental funds. The major individual governmental fund is reported as a separate column in the fund financial statements. SRHD reports only one type of major governmental fund, its General Fund. The general fund is SRHD's operating fund. It accounts for all financial resources of the general government.

The governmental funds balance sheet and the statement of revenues, expenditures, and changes in fund balance both include reconciliations of amounts reported on those statements and the government-wide financial statements.

The other general fund statement included is the Budgetary Comparison Statement, which shows the resources and charges to appropriations for the fiscal year's original budget, final budget, and actual amounts. It also includes a calculation of the actual variance to final budget.

Please note that the notes to financial statements are an integral part of each statement.

Condensed Comparative Financial Data

Governmental Activities

The changes in net position are a useful indicator of SRHD's financial position. SRHD's assets exceeded liabilities by \$6.6 million on December 31, 2019 not including deferred inflows and outflows. The results of operations result in an increase to net position of \$566 thousand.

General Fund

During the year, the District had revenues of \$37.1 million and expenses of \$36.6 million.

Spokane Regional Health District
Annual Report - Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2019

In the prior year, the District adopted GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions. This standard replaces the requirements of GASB Statement No. 45 as it relates to governments that provide postemployment benefits other than pensions administered as trusts or similar arrangements that meet certain criteria. Comparative prior year information, to the extent presented, has not been restated because the necessary information is not available. Updated actuarial assumptions were used in 2019.

A condensed comparative of SRHD's total net position on December 31 is shown below (in thousands):

GENERAL FUND			Change
			Increase
	2019	2018	(Decrease)
ASSETS:			
Current and Other Assets	\$ 15,578	\$ 14,609	\$ 969
Capital Assets	10,248	10,385	(137)
Total Assets	25,826	24,994	832
DEFERRED OUTFLOWS OF RESOURCES:	3,522	1,532	1,990
LIABILITIES:			
Long-term Liabilities	16,481	15,119	1,362
Other Liabilities	2,792	2,090	702
Total Liabilities	19,273	17,209	2,064
DEFERRED INFLOWS OF RESOURCES:	4,576	4,393	183
NET POSITION:			
Invested in Capital Assets	10,248	10,385	(137)
Unrestricted	(4,749)	(5,452)	703
TOTAL NET POSITION	\$ 5,499	\$ 4,933	\$ 566

Analysis of the Condensed Comparative Statement of Net Position

Current and other assets consist primarily of cash and cash equivalents and receivables for grant billings from both federally and state funded programs.

The decrease in capital assets during 2019 reflects the net of \$424,820 in purchases, less \$561,204 in depreciation.

The increase in long-term liabilities reflect a decrease in Net Pension Liability (NPL) from \$6,592,535 to \$5,412,294 plus an increase from \$7,423,452 to \$9,911,974 in Other Post-Employment Benefit (OPEB) obligation.

Spokane Regional Health District
Annual Report - Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2019

Condensed Statement of Activities (in thousands)

GENERAL FUND		
Revenues	<u>2019</u>	<u>2018</u>
Charges for Services	9,907	9,272
Operating Grants & Contributions	21,775	19,135
General Revenues	5,427	5,796
Total Revenues	\$ 37,109	\$ 34,203
Program Expenses		
Public Health	36,543	32,158
Total Expenses	\$ 36,543	\$ 32,158
Change in Net Position	566	2,045
Total Net Position, January 1	\$ 4,933	\$ 2,391
Prior Period Adjustment		\$ 1,439
Cumulative Effect of Change in Accounting Principle		\$ (942)
Total Net Position, December 31	\$ 5,499	\$ 4,933

Overall Analysis of Financial Position and Result of Operations

- Total revenues were up due to the school district grant increases in both student counts and amount per student in 2019
- Total revenues were up due to the contract increase from DOH for medical case management for HIV/AIDS clients
- Total revenues were up in Treatment Services due to the increased client enrollment
- Total expenses were up due to the pass-through nature of the school district grants and the increased operating expenses with an increased client enrollment in Treatment Services
- The 2018 prior period adjustment is due to accruing the 1/31/19 State of Washington payment to 2018 since there is a 60-day delay in payment distribution.
- The cumulative effect of change in accounting principle is due to the implementation of GASB 75 from GASB 45 in 2018 as well as updated actuarial assumptions in 2019.

Spokane Regional Health District

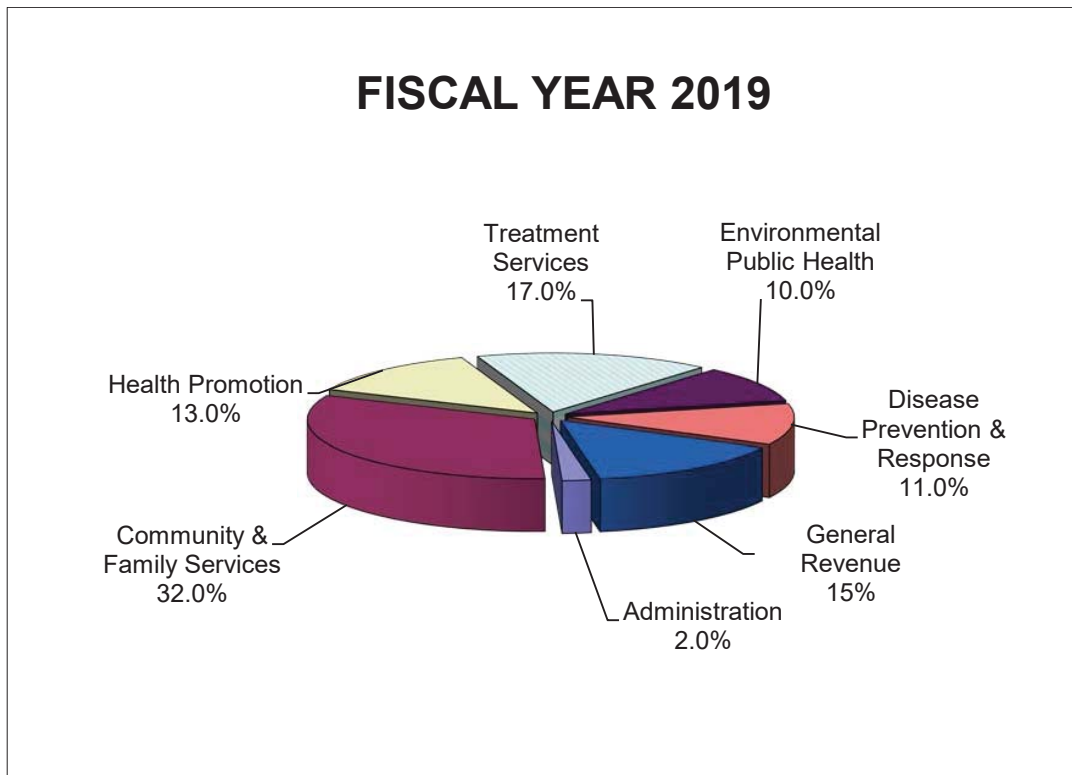
Annual Report - Management's Discussion and Analysis

For the Fiscal Year Ended December 31, 2019

A summary of revenues for the year ended December 31, 2019, and the amount and percentage change in relation to prior year amounts is as follows (in thousands):

	2019	2018	Amount Increase (Decrease)	Percent Increase (Decrease)
PROGRAM REVENUES:				
Community & Family Services	\$ 11,997	\$ 9,987	\$ 2,010	20.1%
Health Promotion	4,820	4,993	(173)	-3.5%
Treatment Services	6,216	5,706	510	8.9%
Environmental Public Health	3,709	3,562	147	4.1%
Disease Prevention & Response	4,177	3,505	672	19.2%
Administration	763	653	110	16.8%
TOTAL PROGRAM REVENUES	31,682	28,406	3,276	11.5%
GENERAL REVENUE	5,427	5,796	(369)	-6.4%
TOTAL REVENUES	\$ 37,109	\$ 34,202	\$ 2,907	8.5%

The following chart shows revenues by division for the fiscal year ended December 31, 2019:

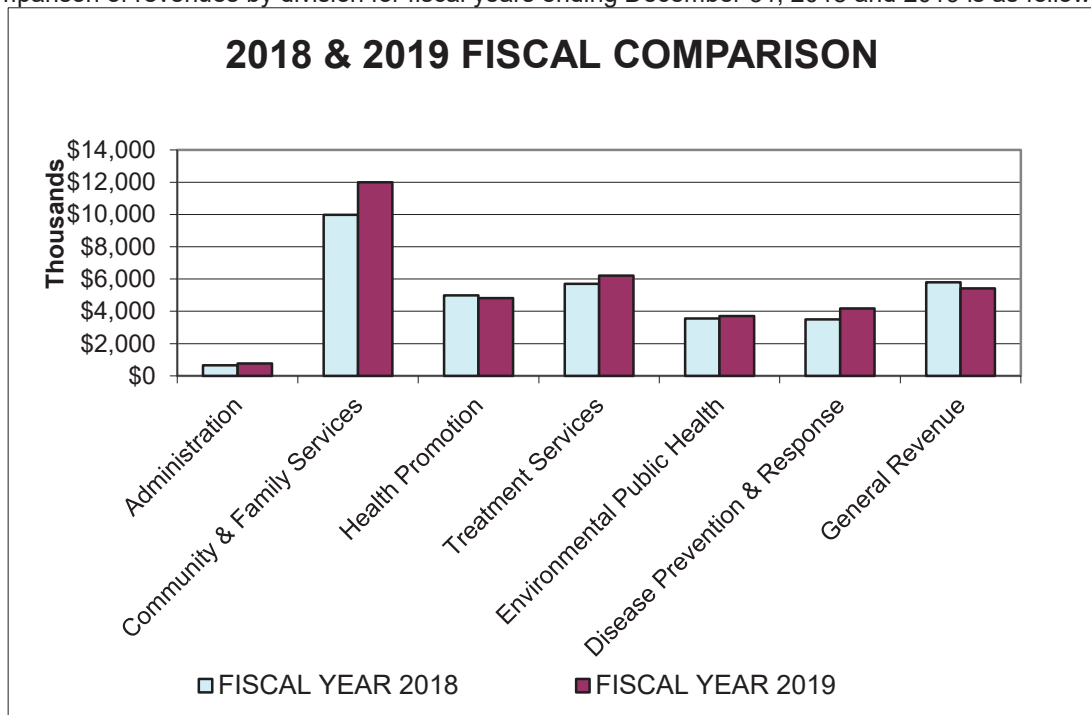


Spokane Regional Health District

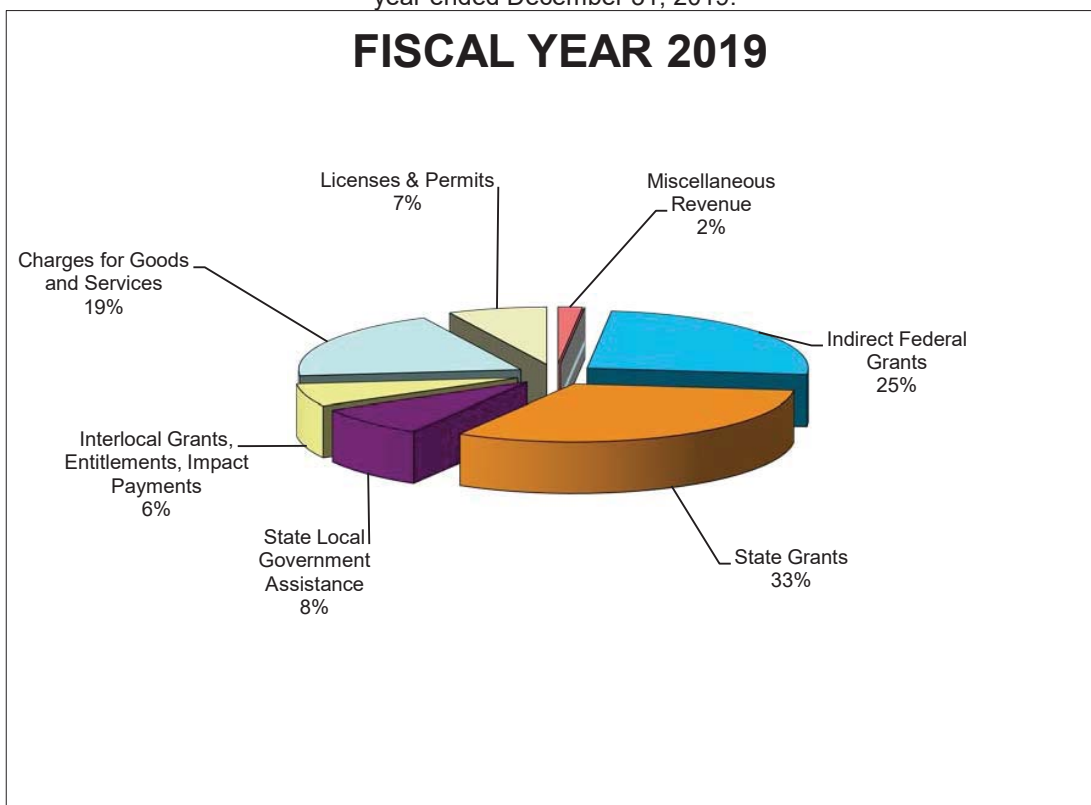
Annual Report - Management's Discussion and Analysis

For the Fiscal Year Ended December 31, 2019

A comparison of revenues by division for fiscal years ending December 31, 2018 and 2019 is as follows:

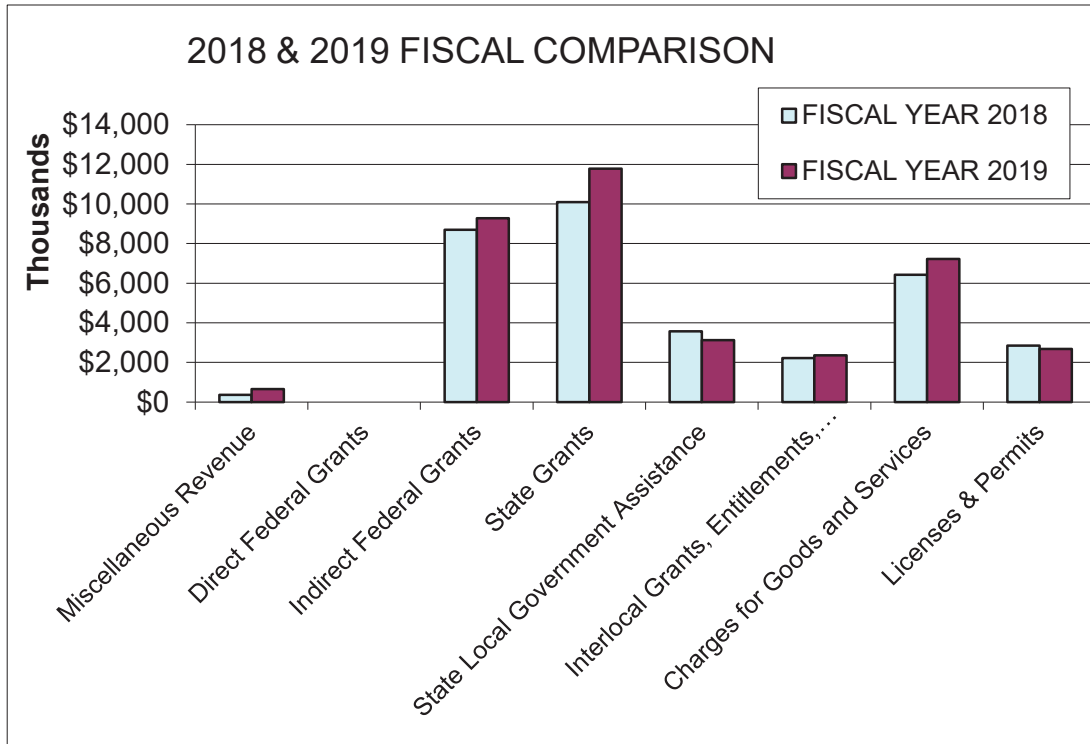


The following chart shows the major sources and the percentage of total operating revenues for the fiscal year ended December 31, 2019:



Spokane Regional Health District
Annual Report - Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2019

A comparison of revenues by source for fiscal years ending December 31, 2018 and 2019 is as follows:

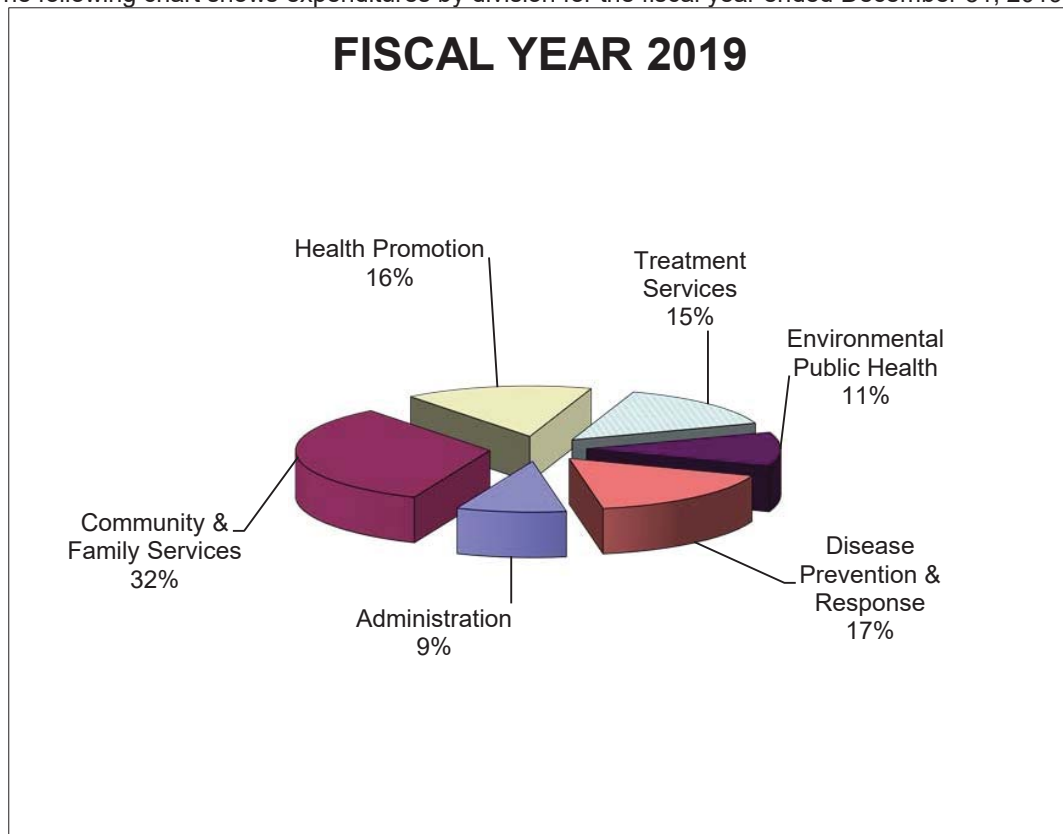


A summary of program expenditures for the year ended December 31, 2019, and the amount and percentage change in relation to prior year amounts is as follows (in thousands):

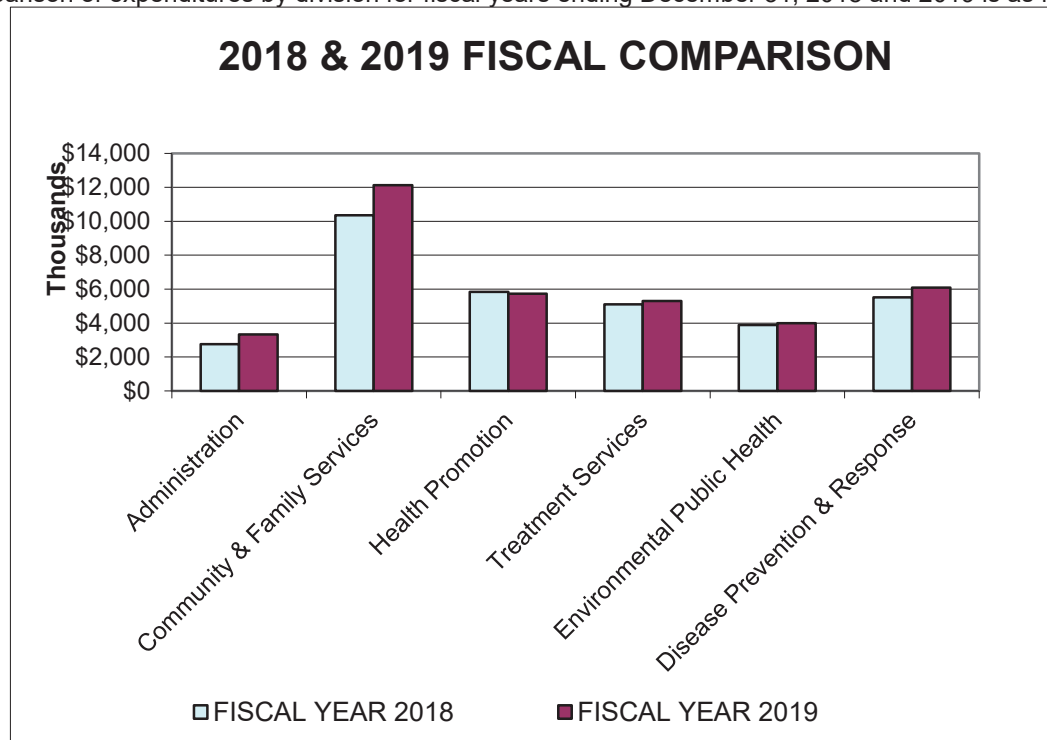
EXPENDITURES:	2019	2018	Amount Increase (Decrease)	Percent Increase (Decrease)
Current:				
Community & Family Services	\$ 12,129	\$ 10,356	\$ 1,773	17.1%
Health Promotion	5,723	5,831	(108)	-1.9%
Treatment Services	5,115	4,896	219	4.5%
Environmental Public Health	4,000	3,891	109	2.8%
Disease Prevention & Response	6,095	5,514	581	10.5%
Administration	3,100	2,640	460	17.4%
Capital Outlay	424	315	109	34.6%
TOTAL EXPENDITURES	\$ 36,586	\$ 33,443	\$ 3,143	9.4%

Spokane Regional Health District Annual Report - Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2019

The following chart shows expenditures by division for the fiscal year ended December 31, 2019:

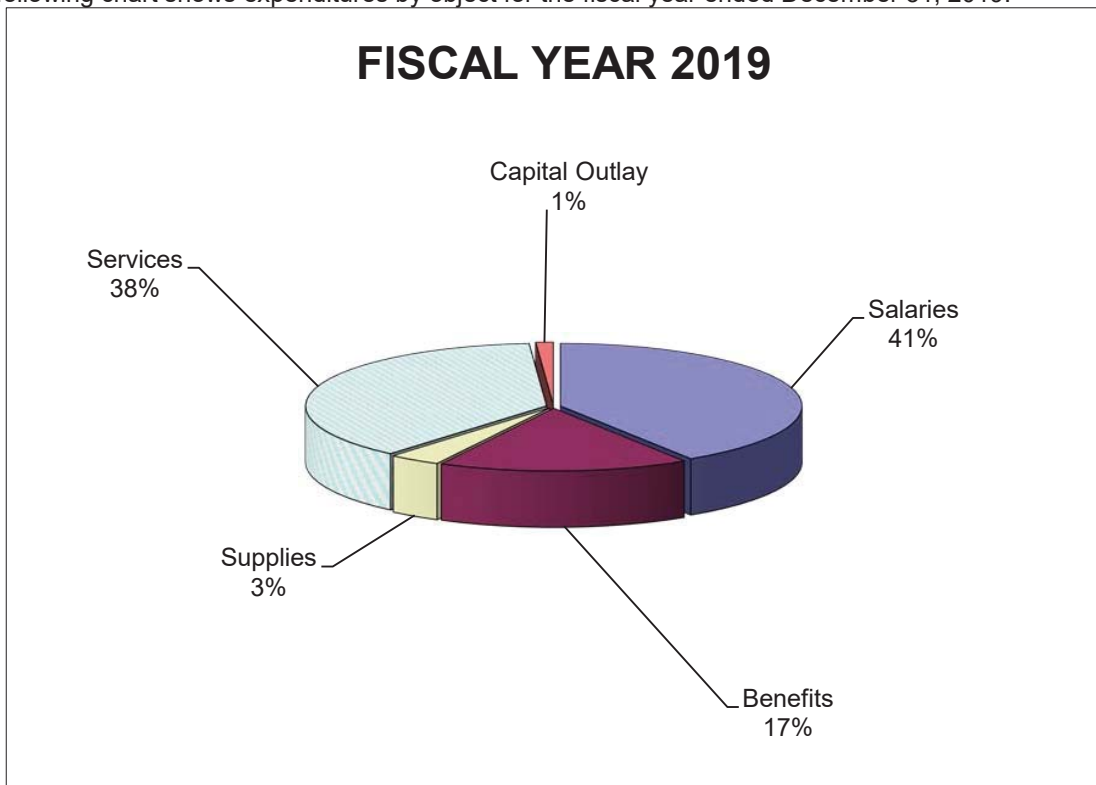


A comparison of expenditures by division for fiscal years ending December 31, 2018 and 2019 is as follows:

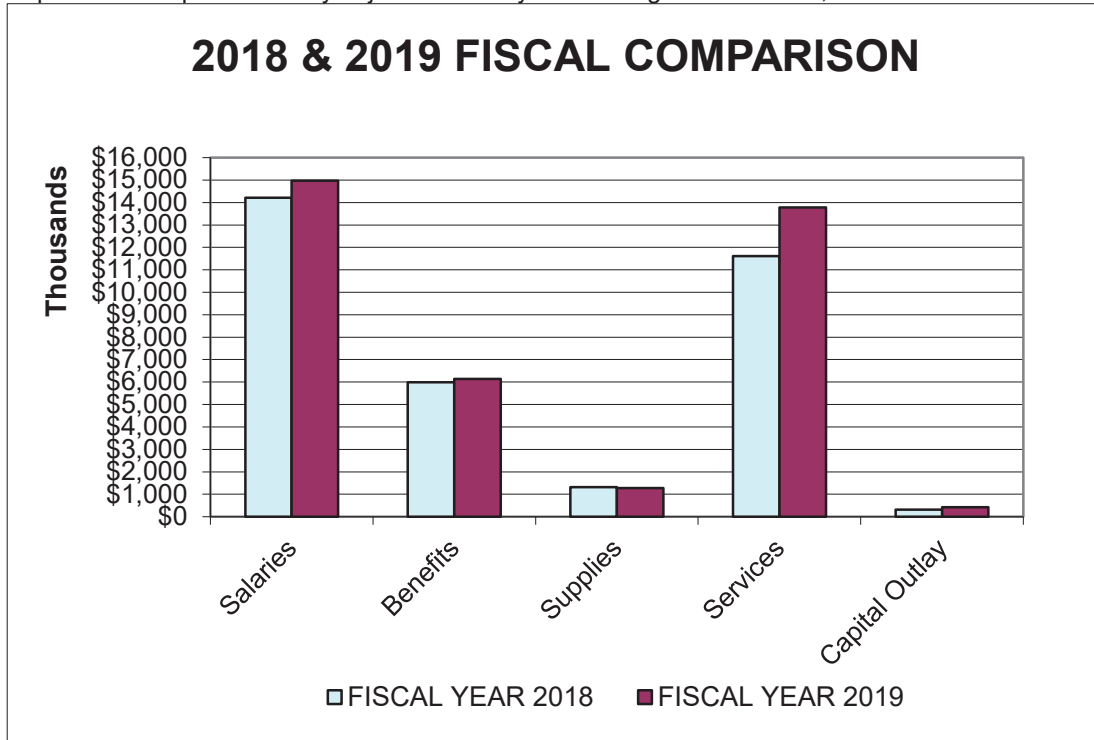


**Spokane Regional Health District
Annual Report - Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2019**

The following chart shows expenditures by object for the fiscal year ended December 31, 2019:



A comparison of expenditures by object for fiscal years ending December 31, 2018 and 2019 is as follows:



Spokane Regional Health District

Annual Report - Management's Discussion and Analysis

For the Fiscal Year Ended December 31, 2019

Budget Variances in the General Fund

Annually, the SRHD Board of Health (BOH) adopts SRHD's general fund appropriated budget. All annual appropriations lapse at year-end.

On or about August 15 of each year, all divisions of SRHD submit requests for appropriation to the Administrative Officer so that a preliminary agency budget may be prepared for consideration by the budget subcommittee of the BOH. The budget is prepared by division and program. Budgets may be sent back to the division for modification, reassembled and reviewed again by the budget subcommittee. This process can be repeated several times.

The proposed budget is presented to the entire SRHD BOH for review and adoption. The budget must be adopted by December 31 to comply with state laws.

The Administrative Officer is authorized to transfer budgeted amounts between programs; however, the SRHD BOH must approve any revisions that alter the total expenditures of any division or SRHD in total. The BOH is presented with a resolution to amend the total revenues and appropriations to SRHD's budget on a quarterly basis, when needed.

A condensed summary of SRHD's 2019 original and final budget is presented below along with 2019 actual and a calculated variance with the final budget (in thousands):

	Original Budget	Final Budget	Actual Amounts	Variance Over(Under) Final Budget
General Fund Balance, January 1	\$6,999	\$6,999	\$10,333	\$4,773
Prior Period Adjustment			1,439	
General Fund Balance, January 1 Adjusted			\$ 11,772	
Resources / Revenues	33,331	36,031	37,109	1,078
Appropriations / Expenditures	34,122	36,822	36,586	(236)
General Fund Balance, December 31	\$6,208	\$6,208	\$12,295	\$6,087

Other Potentially Significant Matters

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.

The operational impact to the District has been significant with over half the number of staff being reassigned to assist in the response to COVID-19 in our community. The District has received state funding from the State of Washington's disaster response account as well as federal funding from the CDC federal crisis response account. The District is anticipating additional funding from Spokane County through the CARES Act funding distribution.

The length of time the District will be involved with COVID-19 response activities as well as the full extent of the financial impact on the District is unknown at this time.

Spokane Regional Health District
Statement of Net Position
December 31, 2019

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 9,983,009
Receivables (net)	5,584,163
Inventories	11,000
Capital Assets not being depreciated:	
Land	400,500
Capital Assets net of accumulated depreciation:	
Buildings & Structures	7,333,235
Leasehold Improvements	1,764,731
Machinery and Equipment	749,996
Software	-
Total Capital Assets	10,248,462
Total Assets	\$ 25,826,634
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pensions*	1,821,114
Deferred Outflows Related to OPEB*	1,701,214
Total Deferred Outflows of Resources	3,522,328
LIABILITIES	
Accounts Payable	2,054,306
Due To Other Governmental Units	195,718
Accrued Employee Benefits	436,790
Employee Flex Spending Withholding Payable	15,662
OPEB Liability - Due within one Year	89,689
Noncurrent Liabilities:	
Accrued Employee Vacation, Sick, & Comp Time	1,157,425
Net Pension Liability	5,412,294
OPEB Liability - Due in more than one year	9,911,974
Total Liabilities	19,273,859
DEFERRED INFLOWS of RESOURCES	
Advance payments of permit fee/grants paid in advance	581,138
Deferred Inflows Related to Pensions	3,089,568
Deferred Inflows Related to OPEB*	905,125
Total Deferred Inflows of Resources	4,575,831
NET POSITION	
Net Investment In capital assets	10,248,462
Unrestricted (Deficit)	(4,749,190)
Total Net Position	\$ 5,499,272

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

Spokane Regional Health District
Statement of Activities
Year Ended December 31, 2019

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenues			Net Revenue (Expense) & Changes In Net Position
			Charges For Services	Capital Grants & Contributions	Operating Grants & Contributions	
Community & Family Services	11,898,352	\$ 215,656	\$ 4,085	\$ -	\$ 11,992,352	\$ (117,571.37)
Health Promotion	5,456,520	263,868	4,424	-	4,816,061	(899,903)
Treatment Services	4,746,268	341,135	5,694,475	254	521,084	1,128,410
Environmental Public Health	3,718,899	262,836	3,450,918	-	257,941	(272,877)
Disease Prevention & Response	5,637,392	-	347,588	10	3,829,815	(1,870,172)
Administration	5,085,652	(1,493,689)	405,999	-	356,736	(2,829,229)
Total Functions	\$ 36,543,084	\$ -	\$ 9,907,489	\$ 264	\$ 21,773,989	(4,861,343)

General Revenues:	
State Funded Local Government Assistance	3,124,633
County Assessment	2,095,000
Interest	207,843
Total General Revenues	5,427,475
Changes In Net Position	566,132
Net Position - Beginning	4,933,141
Net Position - Ending	\$ 5,499,273

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

Spokane Regional Health District
Balance Sheet
Governmental Funds
December 31, 2019

	General Fund
ASSETS and OUTFLOWS of RESOURCES	
Cash & Cash Equivalents	9,949,032
Employee Flex Fund	15,662
Imprest Cash Funds	18,315
Receivables, Net	222,617
Due from Other Governments	5,361,545
Inventories:	
US Postal Fund	11,000
Total Assets and Deferred Outflows of Resources	15,578,172
LIABILITIES, DEFERRED INFLOWS of RESOURCES and FUND BALANCES	
Liabilities:	
Accrued Employee Benefits	436,790
Accounts Payable	2,054,306
Due to Other Governments	195,718
Employee Flex Fund	15,662
Total Liabilities	2,702,477
Deferred Inflows of Resources	581,138
Fund Balances:	
Committed Fund Balance	1,500,000
Unassigned Fund Balance	9,424,773
Assigned Fund Balance	1,369,784
Total Fund Balances	12,294,557
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 15,578,172

Reconciliation to the Statement of Net Position:

Total Fund Balances, per above	\$ 12,294,557
Amounts reported in the above Balance Sheet differ from amounts reported in the Statement of Net Position by the following items:	
Capital Assets, not reported in the funds	10,248,462
Deferred outflows pertaining to pension activity, not reported in the funds	1,821,114
Deferred inflows pertaining to pension activity, not reported in the funds	(3,089,568)
Deferred outflows pertaining to OPEB activities, not reported in the funds	1,701,214
Deferred inflows pertaining to OPEB activities, not reported in the funds	(905,125)
Liabilities for compensated absences due and payable later than the end of the current period, not reported in the funds	(1,157,425)
Liabilities for other post employee benefits (OPEB) due and payable later than the current period, not reported in the funds	(10,001,663)
Liabilities for pensions due and payable later than the end of the current period, not reported in the funds	(5,412,294)
Total Net Position, per Statement of Net Position	<u>5,499,272</u>

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

Spokane Regional Health District
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
Year Ended December 31, 2019

	GENERAL FUND
REVENUES	
Licenses and Permits	2,676,810
Federal Grants	9,285,424
State Grants	11,775,921
Intergovernmental Revenues	3,124,633
Interlocal Grants, Entitlements, Impact Payments	2,359,150
Charges For Goods And Services	7,230,557
Miscellaneous	656,722
Total Revenues	37,109,216
EXPENDITURES	
Current:	
Administration	3,099,506
Community and Family Services	12,129,173
Health Promotion	5,723,166
Treatment Services	5,114,600
Environmental Public Health	4,000,541
Disease Prevention and Response	6,094,647
Capital Outlay	424,821
Total Expenditures	36,586,454
Excess (Deficiency) of Revenues over Expenditures	522,762
Net Change in Fund Balance	522,762
Fund Balance - Beginning	10,333,137
Prior period adjustment	1,438,658
Fund Balance - Beginning (Including Prior Period Adjustment)	11,771,795
Fund Balance - Ending	12,294,558

Reconciliation to the Statement of Activities:

Net change in fund balance, per above	522,762
Purchase of capital assets expensed on fund statements which are capitalized on government-wide statements	424,821
Depreciation expensed on government-wide statements	(561,204)
Decrease (increase) to the liability for compensated absences	(53,783)
Decrease (increase) to the liability for pensions	1,074,067
Decrease (increase) to the liability for OPEB obligation	(840,532)
Change in net position - per Statement of Net Activities	\$ 566,132

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

Spokane Regional Health District
Reconciliation
Balance Sheet/Statement of Net Position
December 31, 2019

	General Fund Totals	Long-Term Assets, Liabilities	Statement of Net Position Totals
ASSETS			
Cash & Cash Equivalents	\$ 9,949,032		\$ 9,983,009
Employee Flex Fund	15,662		
Imprest Cash Funds	18,315		
Receivables (net)	222,617		5,584,163
Due from Other Governments	5,361,545		
Inventories	11,000		11,000
Capital Assets not being depreciated:			
Land		400,500	400,500
Capital Assets net of accumulated depreciation:			
Buildings & Structures		7,333,235	7,333,235
Leasehold Improvements		1,764,731	1,764,731
Machinery and Equipment		749,996	749,996
Software		-	-
Total Capital Assets		10,248,462	10,248,462
Total Assets	15,578,172	10,248,462	25,826,634
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions		1,821,114	1,821,114
Deferred Outflows Related to OPEB		1,701,214	1,701,214
Total Assets & Deferred Outflows	\$ 15,578,172	\$ 13,770,790	\$ 29,348,962
LIABILITIES			
Accounts Payable	\$ 2,054,306		\$ 2,054,306
Due To Other Governmental Units	195,718		195,718
Accrued Employee Benefits	436,790		436,790
Employee Flex Spending Withholding Payable	15,662		15,662
Accrued Employee Vacation & Sick		1,157,425	1,157,425
Net Pension Liability		5,412,294	5,412,294
OPEB Liability - Due within one Year		89,689	89,689
OPEB Liability - Due in more than one year		9,911,974	9,911,974
Total Liabilities	2,702,477	16,571,382	19,273,859
DEFERRED INFLOWS of RESOURCES			
Advance payments of permit fee/grants paid in advance	581,138		581,138
Deferred Inflows Related to Pensions		3,089,568	3,089,568
Deferred Inflows Related to OPEB*		905,125	905,125
Total Deferred Inflows of Resources	581,138	3,994,693	4,575,831
FUND BALANCES/NET POSITION			
Total Fund Balances/Net Position	12,294,557	(6,795,285)	5,499,272
Total Liabilities and Fund Balances/Net Position	\$ 15,578,172	\$ 13,770,790	\$ 29,348,962

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

Spokane Regional Health District
Notes to Financial Statements
January 1, 2019 to December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of The Spokane Regional Health District 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

The Spokane Regional Health District was incorporated on January 1970 and operates under the laws of the state of Washington applicable to a Special Purpose District. The Health District is a special purpose government entity that provides public health services to the entire County, both incorporated and unincorporated areas. The Spokane Regional Health District Board, which governs the District, is composed of three county commissioners, three Spokane City council members, two City of Spokane Valley council members, one representative from the legislative body of a smaller incorporated city within the County, and three citizens of Spokane County. The District's financial statements include the financial position and results of operations of the sole general fund controlled by the District.

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 nonfiduciary 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 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 or a particular function or segment. Interest and general government revenue not properly included among program revenues are reported instead as general revenues. Internally dedicated resources are reported as general revenues rather than program revenues. Taxes and other items are not properly included amount program revenues are reported instead as general revenues.

The general fund is the district's sole operating fund. It accounts for all financial resources of the general government.

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 all 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, the District considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Licenses and interest associated within the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the

Spokane Regional Health District

Notes to Financial Statements

January 1, 2019 to December 31, 2019

current period. All other revenue items are considered to be measurable and available only when cash is received by the district.

D. Budgetary Information

1. Scope of Budget

Annual appropriated budgets are adopted for the general fund on the modified accrual basis of accounting. For governmental funds, there are no differences between the budgetary basis and generally accepted accounting principles. Budgetary accounts are integrated in the fund ledger for the general fund.

Annual appropriated budgets are adopted at the division level of the general fund. Expenditures may not exceed appropriations at the division level and the budgets constitute the legal authority for expenditures at that level. Subsidiary revenue and expenditure ledgers are used to compare the budgeted amounts with actual revenues and expenditures. As a management control device, the subsidiary ledgers monitor expenditures for individual functions and activities by object class.

2. Procedures for Adopting the Original Budget

The District budget is adopted on a basis consistent with generally accepted accounting principles. An annual appropriated budget is adopted for the general fund. All annual appropriations lapse at year end.

On or about August 15 of each year, all divisions of the Health District submit requests for appropriation to the Administrative Officer so that a preliminary agency budget may be prepared for consideration by the budget subcommittee of the Board. The budget is prepared by division and program. Budgets may be sent back to the division for modification, reassembled and reviewed again by the budget subcommittee. This process can be repeated several times.

The proposed budget is presented to the entire District Board of Health for review and adoption. The budget must be adopted by December 31 to comply with state laws.

3. Amending the Budget

The Administrative Officer is authorized to transfer budgeted amounts between programs; however, any revisions that alter the total expenditures of any division or the total District, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the Board of Health.

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

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

The Board of Health is presented with a resolution to amend the total revenues and appropriations to the District's budget on a quarterly basis, when needed. Material budget amendments for 2019 are as follows:

	<u>Revenue Increase</u>	<u>Expense Increase</u>
Resolution 19-06	\$ 2,700,000	\$ 2,700,000

Spokane Regional Health District
Notes to Financial Statements
January 1, 2019 to December 31, 2019

4. Excess of Expenditures Over Appropriations

The District's 2019 original budget of \$34,121,573 included a fund balance decrease of \$791,051. The District's actual expenses of \$36,586,454 and actual revenues of \$37,109,216 resulted in a \$522,762 actual fund balance increase. One division exceeded their individual budget level.

E. Assets, Liabilities, Fund Balance and Net Position

1. Cash and Cash Equivalents

It is the District's policy to invest all temporary cash surpluses. On December 31, 2019, the treasurer was holding \$9,964,694 in short-term residual investments of surplus cash. This amount is classified on the balance sheet as cash and equivalents and employee flex fund. The interest on these investments is credited to the general fund. Of this amount, however, \$399,880 is unearned 2020 permit revenue for the Environmental Public Health Division and \$181,258 represents grants paid in advance for several projects that are ongoing until the full award has been spent. For purposes of these statements, the District considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

2. Receivables

The Health District provides client services that are provided on a fee for service basis. The receivable for client accounts has been recorded in the District's financial statements net of the estimated uncollectible amounts. Estimated uncollectible receivable for client accounts on December 31, 2019 was \$10,116. For 2019, the public health assistance funding received 1/31/20 from the State of Washington was reported as a receivable in the amount of \$1,438,659. There was no change to the amount of funding received from the State of Washington. Reporting the 1/31/20 payment as a 2019 receivable is to ensure the District is in compliance with our accrual basis of reporting.

3. Amounts Due to and from Other Governmental Units

These accounts include amounts due to or from other governments for grants, entitlements, and charges for services. The Spokane County assessment is negotiated with the County Commissioners each year.

4. Capital Assets and Depreciation (Capital Assets and Depreciation Note No.5)

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. The district defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of at least one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Costs for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the asset.

The costs for normal maintenance and repairs are not capitalized.

Capital assets of the district are depreciated using the straight line method over the following estimated useful lives:

Building and Structures	50 years
Improvements	25 years
Furniture	10/15 years
Operating equipment	7 years
Automotive equipment	5 years
Electronic equipment	3 years

Spokane Regional Health District
Notes to Financial Statements
January 1, 2019 to December 31, 2019

5. Investments (See Deposits and Investments Note No. 4)

6. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation (and sick) leave. All vacation and sick pay is accrued when incurred in the government-wide and fund financial statements.

Vacation pay, which may be accumulated up to the maximum amount of 240 hours, is payable upon resignation, retirement or death.

Sick pay, may be paid out annually, with limitations. Only the balance of sick leave in excess of 480 hours is subject to payoff. Only sick leave earned during the previous calendar year, less any hours actually taken as sick leave during the same year, is subject to payoff. The rate of payoff is 25% of the employee's base rate of pay during the last month of the previous calendar year. All hours paid off will be deducted from the employee's balance of sick leave eligibility. At resignation or layoff from the District, employees with seven (7) years of service or more will be paid for their sick accruals at 25% of their base rate of pay during the last month of employment. Sick pay may be accumulated up to the maximum of 600 hours. Compensated absences may be accumulated up to the maximum of 120 hours.

The liability for vacation leave on December 31, 2019 is \$852,368.

The liability for vested sick leave on December 31, 2019 is \$271,300.

The liability for compensated absences on December 31, 2019 is \$33,757.

7. Fund Balance

In 2011, the District implemented Governmental Accounting Standards Board Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This standard changes the classifications of fund balance in **governmental funds** from designated and undesignated to nonspendable, restricted, committed, assigned and unassigned.

Nonspendable 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 receivables.

Restricted These are amounts that can be spent only for the specific purpose designated by external providers, constitutionally, or through enabling legislation. Restrictions are changed or lifted only with the consent of the resource providers. External resource providers could include creditors, grantors, and donors.

Committed These are amounts that can be only used for a specific purpose determined by a formal action (ordinance or resolution) of the government's highest level of decision-making authority. Changing or removing a commitment requires taking the same formal action that originally imposed the constraint.

Assigned These are amounts intended to be used by the government for specific purpose that are neither restricted nor committed. Intent can be expressed in one of two ways:

- The governing body can state its intent to use resources for a specific purpose.
- The governing body can delegate authority to others to express intent to use amounts for specific purposes.

Spokane Regional Health District

Notes to Financial Statements

January 1, 2019 to December 31, 2019

Assigned amounts in the general fund represent funds that are intended to be used for a specific purpose as stated by the governing body or its delegate.

Unassigned This is the amount remaining in the fund after classifying amounts as nonspendable, restricted, committed, 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.

Fund Balance Classifications

For committed fund balance, the highest level of decision-making authority is the Board of Health. Commitments represent formal actions taken by the Board of Health to commit funds for specific purposes. Funds that have been committed cannot be used for another purpose unless the Board of Health passes a resolution to end the commitment. The committed fund balance is Board directed for public health emergency response. The committed fund balance on December 31, 2019 is \$1,500,000.

The assigned fund balance is management's intention to use the funds for a specific purpose in the future. The assigned fund balance includes funds for building improvements, replacement of vehicles, as well as for software/system upgrades and strategic planning. The assigned fund balance on December 31, 2019 is \$1,369,784.

8. 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.

9. Other Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense information about the fiduciary net position of the District Retiree Benefits Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

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**

The governmental funds' balance sheet includes reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. Elements of that reconciliation include:

Spokane Regional Health District
Notes to Financial Statements
January 1, 2019 to December 31, 2019

- Capital assets used in governmental activities which are not financial resources as reported in the funds (in thousands):

	Cost	Accum. Depr	Net
Land	\$ 401		\$ 401
Buildings and Structures	8,059	725	7,334
Leasehold Improvements	2,632	867	1,765
Machinery & Equipment	4,604	3,856	748
Software	78	78	-
	<u>15,774</u>	<u>5,526</u>	<u>10,248</u>
Total	\$ 15,774	\$ 5,526	\$ 10,248

- Liabilities not payable in the current period and therefore not reported in the funds (in thousands):

	Amount
Accrued Leave	\$ 1,157
	<u>1,157</u>
Total	\$ 1,157

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

The governmental funds' statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. Elements from that reconciliation include:

- Purchase of capital assets expensed on fund statements which are capitalized on government-wide statements:

	Amount
Operating Equipment	\$ 22,251
Computer Equipment	\$ 42,723
Leasehold Improvements	359,847
Total	\$ 424,821

Spokane Regional Health District
Notes to Financial Statements
January 1, 2019 to December 31, 2019

- Accrued leave expensed on government-wide statements (in thousands):

	Amount
Administration	\$ (4)
Community & Family Services	\$ 10
Health Promotion	\$ 32
Treatment Services	\$ (4)
Environmental Public Health	\$ 16
Disease Prevention & Response	\$ 4
Total	<u>\$ 54</u>

- Depreciation expensed on government-wide statements (in thousands):

	Amount
Administration	\$ 543
Community & Family Services	3
Health Promotion	-
Treatment Services	15
Environmental Public Health	-
Disease Prevention & Response	-
Total	<u>\$ 561</u>

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

NOTE 4 - DEPOSITS AND INVESTMENTS

A. Deposits

Cash on hand on December 31, 2019 was \$9,983,009. The carrying amount of the District's deposits, including certificates of deposit, was \$390,160 and the bank balance was \$9,574,534.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the District would not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The District's deposits and certificates of deposit are held by Spokane County and are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

Spokane Regional Health District

Notes to Financial Statements

January 1, 2019 to December 31, 2019

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

All temporary investments are stated at cost and classified as cash and equivalents in the financial statements.

In accordance with State law, the District's governing body has a formal interlocal agreement with the District's *ex officio* treasurer, Spokane County, to have all its funds not required for immediate expenditure to be invested in the Spokane County Investment Pool (SCIP):

As of December 31, 2019, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Effective Duration</u>	<u>Weighted-Average Maturity</u>
Spokane County Investment Pool	\$10,048,398	1.10 years	1.15 years

The Net Asset Value per Share of the Pool as of 12/31/19 is 1.0084. The amount of cash the District had in the Pool as of 12/31/19 is \$9,964,694.

B. Investments

Interest Rate Risk: Interest rate risk is the risk the District may face should interest rate variances affect the fair value of investments. The District does not have a formal policy that address interest rate risk.

Interest Rate Risk. As of December 31, 2019, the Pool's average duration was 1.10 years. As a means of limiting its exposure to rising interest rates, securities purchased in the Pool must have a final maturity, or weighted average maturity, no longer than two and one-half years. The weighted-average maturity of SCIP on 12/31/19 was 1.15 years. While the Pool's market value is calculated monthly, unrealized gains and losses are not distributed to participants. The Pool distributes earnings monthly using an amortized cost methodology.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District does not have a formal policy that addresses credit risk.

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of a failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a formal policy for custodial credit risk.

Credit Risk. As of December 31, 2019, the District's investments in the Pool was not rated by a nationally recognized statistical rating organization (NRSRO). In compliance with state statutes, the SCIP Investment Policy authorizes investments in the U.S. Treasury securities, U.S. agency securities, municipal securities (rated in one of the three highest ratings by an NRSRO at the time of purchase), certificates of deposits or bank deposits of qualified public depositories, repurchase agreements, corporate notes, commercial paper, Direct District Notes and the Local Government Investment Pool managed by the Washington State Treasurer's office.

Investments in Spokane County Investment Pool (SCIP)

The District is a participant in the Spokane County investment pool, an external investment pool. The District reports its investments in the Pool at the fair value amount, which is the same as the value of the Pool per share. The responsibility for managing the pool resides with the County Treasurer. The Pool is established from the RCW 36.29 which authorizes the County Treasurer to invest the funds of participants.

Spokane Regional Health District
Notes to Financial Statements
January 1, 2019 to December 31, 2019

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION

A. General Policies

Major expenditures greater than \$5,000 in individual value for capital assets, including capital leases and major repairs that increase useful lives, are capitalized. Maintenance, repairs, and minor renewals are accounted for as expenditures or expenses when incurred. All capital assets are valued at historical cost.

The District has acquired certain assets with funding provided by federal financial assistance programs. Depending on the terms of the agreements involved, the federal government could retain an equity interest in these assets. However, the District has sufficient legal interest to accomplish the purposes for which the assets were acquired, and has included these with capital assets.

B. Capital Asset Activity

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

	Beginning			Ending
Governmental Activities	Balance			Balance
	1/01/19	Increases	Decreases	12/31/19
Capital assets not depreciated:				
Land	\$ 400,500	\$ -		\$ 400,500
Capital assets being depreciated:				
Building and Structures	\$ 8,058,500	\$ -		8,058,500
Operating Equipment	3,483,688	22,251		3,505,939
Computer Equipment	962,971	42,723		1,005,694
Vehicles	79,353	-		79,353
Furniture	13,883	-		13,883
Software	78,275	-		78,275
Leasehold Improvements	2,272,362	359,848		2,632,210
Total Capital Assets	\$ 15,349,532	\$ 424,821	\$ -	\$ 15,774,353
Less Accumulated Depreciation:				
Building and Structures	\$ 564,095	\$ 161,170	\$ -	725,265
Operating Equipment	2,402,018	306,644	-	2,708,662
Computer Equipment	1,027,180	13,259	-	1,040,439
Vehicles	84,289	-	-	84,289
Furniture	21,482	-	-	21,482
Software	78,275	-	-	78,275
Leasehold Improvements	787,349	80,131	-	867,480
Total Accumulated Depreciation	\$ 4,964,688	\$ 561,204	\$ -	\$ 5,525,892
Net Capital Assets	\$ 10,384,844	\$ (136,383)	\$ -	\$ 10,248,461

C. Depreciation

Depreciation expense was charged to functions/programs of the primary government as follows:

Spokane Regional Health District
Notes to Financial Statements
January 1, 2019 to December 31, 2019

<u>Governmental Activities:</u>	<u>Amount</u>
Administration	\$ 542,863
Community & Family Services	2,955
Health Promotion	-
Treatment Services	15,386
Environmental Public Health	-
Disease Prevention & Response	-
Total	<u>\$ 561,204</u>

NOTE 6 – PENSION PLANS

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

Aggregate Pension Amounts – All Plans	
Pension Liabilities	\$ 5,412,294
Pension Assets	\$
Deferred Outflows of Resources	\$ 1,821,114
Deferred Inflows of Resources	\$ 3,089,568
Pension Expense/Expenditures	\$ 779,269

State Sponsored Pension Plans

Substantially all District's 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, WA 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.

Spokane Regional Health District

Notes to Financial Statements

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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 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%

*For employees participating in the JBM, the contribution rate was 12.26%.

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.

Spokane Regional Health District

Notes to Financial Statements

January 1, 2019 to December 31, 2019

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 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%

*For employees participating in JBM, the contribution rate was 18.53% to 19.75%.

The *District's* actual PERS plan contributions were \$736,907 to PERS Plan 1 and \$1,142,782 to PERS Plan 2/3 for the year ended 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*.

Spokane Regional Health District

Notes to Financial Statements

January 1, 2019 to December 31, 2019

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. 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 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.

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 except LEOFF 2, which has assumed 7.4 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 made at contractually required rates (including PERS 2/3, PSERS 2, SERS 2/3, and TRS 2/3 employers, whose rates include a component for the PERS 1, and TRS 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 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.

Spokane Regional Health District

Notes to Financial Statements

January 1, 2019 to December 31, 2019

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 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 the Net Pension Liability/(Asset)

The table below presents the District's proportionate share* of the net pension liability calculated using the discount rate of 7.4 percent, as well as what the District'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.

Pension Plan	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	\$ 5,141,578	\$ 4,105,647	\$ 3,206,841
PERS 2/3	\$ 10,021,460	\$ 1,306,647	\$ (5,844,434)

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.

On June 30, 2019, the District reported a total pension liability of \$5,412,294 for its proportionate share of the net pension liabilities as follows:

Pension Plan	Liability or (Asset)
PERS 1	\$ 4,105,647
PERS 2/3	\$ 1,306,647

Spokane Regional Health District
Notes to Financial Statements
January 1, 2019 to December 31, 2019

On June 30, 2019, the District's proportionate share of the collective net pension liabilities was as follows:

Pension Plan	Proportionate Share 6/30/18	Proportionate Share 6/30/19	Change in Proportion
PERS 1	0.100046 %	0.106769 %	+0.006723%
PERS 2/3	0.124425 %	0.134520 %	+0.010095%

Employer contribution transmittals received and processed by 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 DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans except LEOFF Plan 1.

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2019. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2019, the state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2019, the state of Washington contributed 39.57 percent of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 60.43 percent of employer contributions.

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 update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

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

Pension Plan	Pension Expense
PERS 1	\$ 470,771
PERS 2/3	\$ 308,498
TOTAL	\$ 779,269

Spokane Regional Health District
Notes to Financial Statements
January 1, 2019 to December 31, 2019

Deferred Outflows of Resources and Deferred Inflows of Resources

On December 31, 2019, the District 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	\$	\$274,292
Changes of assumptions	\$	\$
Changes in proportion and differences between contributions and proportionate share of contributions	\$	\$
Contributions subsequent to the measurement date	\$363,601	\$
TOTAL	\$363,601	\$274,292

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 374,357	\$ 280,922
Net difference between projected and actual investment earnings on pension plan investments	\$	\$ 1,901,945
Changes of assumptions	\$ 33,459	\$ 548,225
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 466,488	\$ 84,184
Contributions subsequent to the measurement date	\$ 583,208	\$
TOTAL	\$ 1,457,513	\$ 2,815,276

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

Amortization of Other Deferred Outflows and Inflows		
Year	PERS1	PERS2/3
2020	(60,551)	(511,835)
2021	(143,429)	(916,545)
2022	(51,184)	(373,309)
2023	(19,128)	(172,090)
2024		(34,223)
Thereafter		67,030
Total (DI)/DO	(274,292)	(1,940,972)

Spokane Regional Health District

Notes to Financial Statements

January 1, 2019 to December 31, 2019

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of the Statement No. 75 of the Governmental Accounting Standards Board (GASB) Accounting and Financial Reporting for Postemployment Benefits Other Than Pension for the year 2019:

Aggregate OPEB Amounts - All Plans	
OPEB Liabilities	\$ 10,001,663
OPEB Assets	-
Deferred Outflows of Resources	1,701,214
Deferred Inflows of Resources	(905,125)
OPEB Expense/Expenditures	914,600

The State of Washington implemented Statement No. 75 of the Governmental Accounting Standards Board (GASB) Accounting and Financial Reporting for Postemployment Benefits Other Than Pension for fiscal year 2018 financial reporting. The state, consisting of state agencies and its component units as well as higher education institutions, is considered a single employer based on guidance provided in GASB Statement No. 75. The State Health Care Authority (HCA) administers this single employer defined benefit other postemployment benefit (OPEB) plan.

Per RCW 41.05.065, the Public Employees Benefits Board (PEBB), created within HCA, is authorized to design benefits and determine the terms and conditions of employee and retired employee participation and coverage. PEBB established eligibility criteria for both active employees and retirees. Benefits purchased through PEBB include medical, dental, life and long-term disability.

The relationship between the PEBB OPEB plan and its member 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 HCA, employers and plan members, and the historical pattern of practice with regard to the sharing of benefit costs.

Employers participating in the PEBB OPEB plan include the State, K-12 school districts, and political subdivisions of the state. The District's retirees are eligible to participate in the PEBB OPEB plan under this arrangement.

Plan Description

The Spokane Regional Health District Health Plan (the Health Plan) is a single-employer defined benefit healthcare plan administered by the District. Retirees choose plans from those offered by the Public Employees Benefits Board (PEBB), administered by the Washington State Health Care Authority (HCA). The Health Plan provides access to the District's medical plans and a cash subsidy for retirees eligible for Medicare. The Health Plan's actuary is Healthcare Actuaries. The OPEB liability is based on 50% of the Medicare premium rate, increased at the trend rates indicated in the assumptions, up to a maximum of \$150 per retiree per month. The implicit subsidy is based on age-rated claim costs compared to the premiums charged, both increased at trend. There are no automatic benefit changes nor ad hoc cost of living adjustments (COLAs). The Health Plan's actuary is Healthcare Actuaries. The Health Plan does not issue a separate stand-alone financial report.

Eligibility

District members are eligible for retiree medical benefits after becoming eligible for retirement pension benefits (either reduced or full pension benefits) under Plan 1, 2 or 3 of PERS. Former members who are entitled to a deferred vested pension benefit are not eligible to receive medical and life insurance benefits after pension benefits commencement. Survivors of deceased covered members are eligible for medical benefits.

Spokane Regional Health District

Notes to Financial Statements

January 1, 2019 to December 31, 2019

Summary of Benefits

The District participates as a local government employer in the program of benefits for state and local government employees provide through PEBB. The program is administered by the HCA. The District pays premiums only for its active employees, and does not directly make any payments on behalf of its retirees. However, under this program, HCA directs a portion of the active premiums received from all employers to a fund for retiree coverage.

The PEBB OPEB plan is available to District employees who elect to continue coverage and to pay the administratively established premiums at the time they retire under the provisions of the State retirement system and plan to which they belong (i.e., PERS Plans 1, 2 or 3). Retiree's access to the PEBB OPEB plan depends on the retirement eligibility of their respective system and plan.

Per RCW 41.05.022, retirees who are not yet eligible for Medicare benefits may continue to participate in the State's non-Medicare community-related health insurance risk pool on a self-pay basis, and receive an implicit subsidy. The implicit subsidy exists because retired members pay a premium based on a claims experience for active employees and other non-Medicare retirees. The subsidy is valued using the difference between the age-based claims cost and the premium paid by retirees.

Benefits Provided

Participants are eligible for benefits on retirement. Benefits are in the form of access to PEBB's medical plans, as well as a cash subsidy for members over the age of 65 enrolled in Medicare Parts A and B.

Employees Covered by benefit terms

At December 31, 2017 (the census date), the benefit terms covered the following employees:

Category	
Inactive employees, spouses, or beneficiaries currently receiving benefit payments:	36
Inactive employees entitled to but not yet receiving benefit payments:	0
Active employees:	230
Total	266

Funding Policy

Administrative costs as well as implicit and explicit subsidies are funded by required contributions from participating employers, including the District. The subsidies provide monetary assistance for medical benefits. Contributions are set each biennium as part of the budget process. The benefits are funded on a pay-as-you-go basis. There are no assets accumulated in a qualifying trust.

Payment Authority

Washington State law created and authorized the creation of the Spokane Regional Health District. The authority under which requirements for the District to pay OPEB as the benefits come due is established and may be amended by Washington State law.

Financial Report

The District does not issue a stand-alone financial report.

Contributions

The Spokane Regional Health District pays its portion of benefits for the retiree's healthcare costs as they come due. The Spokane Regional Health District pays no funds directly, but pays an explicit subsidy to cover 50% of premiums up to \$150 per month through premiums paid for active employees to the PEBB. The District pays benefits through an explicit subsidy include with active employee premiums. The reporting period contributions were \$74,068 including explicit and implicit subsidy credit.

Spokane Regional Health District

Notes to Financial Statements

January 1, 2019 to December 31, 2019

Net OPEB Liability

The District's net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019.

Actuarial Assumptions

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

- Inflation: 2.5%
- Salary increases 3.5%
- Medicare health cost trend rates: 7.0%, trending down to 4.80% over 56 years
- Mortality rates were based on tables from the Society of Actuaries

Discount Rate

The discount rate used to measure the total OPEB liability was 2.75%. Spokane Regional Health District's OPEB Plan is an unfunded plan, therefore the discount rate was set to the rate of tax-exempt, high-quality 20-year municipal bonds, as of the valuation date.

Experience Studies

The valuation used the results from the 2017 State of Washington Actuarial for any assumptions requiring experience studies. The State of Washington used the experience study for the period 2007-2012. We feel it is appropriate to use the State's experience study and assumptions since the participants in the plan choose from the State PEBB plans.

Changes Since the Last Valuation

- Benefit terms did not change.
- The discount rate was changed from 3.71% to 2.75% effective December 31, 2019.

Changes in the Total/Net OPEB Liability

	Total/Net OPEB Liability
Balance as of Report Date December 31, 2018	\$7,423,452
Changes for the year:	
Service Cost	537,238
Interest	293,968
Changes of Benefit Terms	
Differences Between Expected and Actual Experience	
Changes of Assumptions	1,821,073
Explicit Subsidy Credit	(64,751)
Implicit Subsidy Credit	(9,317)
Net Changes	2,578,211
Balance as of Report Date December 31, 2019	<u>\$10,001,663</u>

Spokane Regional Health District
Notes to Financial Statements
January 1, 2019 to December 31, 2019

Sensitivity of the net OPEB liability to changes in the discount rate. The net OPEB liability of the District, as well as what the District's new OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.75%) or one percentage point higher (3.75%) follows:

	1% Decrease	Discount Rate	1% Increase	
	1.75%	2.75%	3.75%	
Net OPEB Liability (Asset)	\$ 12,473,124	\$ 10,001,663	\$ 8,114,259	

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.0%) or one percentage point higher (8.0%) than current healthcare cost trend rates follows:

	1% Decrease	Trend Rate	1% Increase
	6.0% Decreasing to 3.80%	7.0% Decreasing to 4.80%	8.0% Decreasing to 5.80%
Net OPEB Liability (Asset)	\$ 7,738,697	\$ 10,001,663	\$ 13,135,065

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

For the year ended December 31, 2019, the District recognized an OPEB expense of \$914,600. On December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Actual and Expected Experience	\$ 78,084	\$ -
Changes of Assumptions	\$ 1,623,130	(905,125)
District Contributions Subsequent to the Measurement Date	-	-
Total	\$ 1,701,214	\$ (905,125)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Report Year Ending December 31:	Amount
2020	83,394
2021	83,394
2022	83,394
2023	83,394
2024	83,394
Remaining	379,119

Spokane Regional Health District

Notes to Financial Statements

January 1, 2019 to December 31, 2019

For further information the results the actuarial valuation of the employer provided subsidies associated with the state's PEBB plan, refer to: http://osa.leg.wa.gov/Actuarial_services/OPEB/OPEB.htm.

NOTE 8 – LONG TERM DEBT

The District's Long-Term Debt consists of the Pension Liability, the Net OPEB Obligation and the Compensated Absences as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Pension Liability	\$ 6,592,535		\$ (1,180,241)	\$ 5,412,294
Net OPEB Obligation	7,423,452	2,488,522		9,911,974
Compensated Absences	1,103,642	53,783		1,157,425
Total Long Term Liabilities	\$ 15,119,629	\$ 2,542,305	\$ (1,180,241)	\$ 16,481,693

NOTE 9 - RISK MANAGEMENT

Spokane Regional Health District 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 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 \$10,000 of the amount of each claim, while Enduris is responsible for the remaining \$240,000 on a property loss.

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 joint liability among the participating members.

Spokane Regional Health District

Notes to Financial Statements

January 1, 2019 to December 31, 2019

The contract requires members to remain in the Pool for a minimum of one year and must give notice 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.

NOTE 10 - CONTINGENCIES AND LITIGATIONS

The Health District has recorded in its financial statements all material liabilities, including an estimate for situations which are not yet resolved but where, based on available information, management believes it is probable that the Health District will have to make payment. In the opinion of management, the Health District's insurance policies and/or self-insurance reserves are adequate to pay all known or pending claims.

The Health District 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. Health District management believes that such disallowances, if any, will be immaterial.

NOTE 11 - RECEIVABLE AND PAYABLE BALANCES

A. Receivables

Receivables on December 31, 2019 were as follows:

	Amount
Client Service Accounts	\$ 1,011,665
Other Accounts	222,617
Due From Other Governments	4,349,880
Total	\$ 5,584,163

B. Payables

Payables on December 31, 2019 were as follows:

	Amount
Vendors	\$ 2,054,306
Salaries & Benefits	452,452
Due to Other Governments	195,718
Total	\$ 2,702,477

Spokane Regional Health District
Notes to Financial Statements
January 1, 2019 to December 31, 2019

NOTE 12 – SUBSEQUENT EVENTS

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.

The operational impact to the District has been significant with over half the number of staff being reassigned to assist in the response to COVID-19 in our community. The District has received state funding from the State of Washington's disaster response account as well as federal funding from the CDC federal crisis response account. The District has received additional funding from Spokane County through the CARES Act funding distribution.

The length of time the District will be involved with COVID-19 response activities as well as the full extent of the financial impact on the District is unknown at this time.

NOTE 13 – PRIOR PERIOD ADJUSTMENT

The prior period adjustment is due to the reporting of \$1,438,659 in accounts receivable from the State of Washington since there is a 60-day delay in payment distribution. The 1/31/19 public health appropriations payment is reported as a 2018 accounts receivable to follow our accrual basis of accounting.

In the 2017 statements an error was identified in the accrual of accounts receivable from the State of Washington, resulting in a prior period adjustment due it not being recognized in the correct period. The District 2018 statements required a prior period adjustment as well due to another payment of \$1,438,659 received in January 2019 for revenues that were required to be accrued back.

REQUIRED SUPPLEMENTARY INFORMATION
Spokane Regional Health District
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended December 31, 2019

	BUDGETED AMOUNTS		ACTUAL AMOUNT	FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Licenses and Permits	2,729,944	2,729,944	2,676,810	(53,134)
Federal Grants	8,386,831	8,386,831	9,549,574	1,162,744
State Grants	9,322,687	12,522,687	11,775,921	(746,766)
Intergovernmental Revenues	3,461,739	3,461,739	3,124,633	(337,107)
Interlocal Grants, Entitlements, Impact Payments	2,095,000	2,095,000	2,095,000	(0)
Charges For Goods And Services	6,975,545	6,475,545	7,230,557	755,013
Miscellaneous	358,776	358,776	656,722	297,945
Total Revenues	33,330,522	36,030,522	37,109,216	1,078,694
EXPENDITURES				
Current:				
Administration	1,997,972	1,997,972	3,099,506	1,101,533
Community and Family Services	9,257,192	12,457,192	12,129,173	(328,019)
Health Promotion	6,125,319	6,125,319	5,723,166	(402,153)
Treatment Services	6,007,596	5,507,596	5,114,601	(392,995)
Environmental Public Health	4,167,876	4,167,876	4,000,541	(167,335)
Disease Prevention and Response	6,365,617	6,365,617	6,094,647	(270,970)
Capital Outlay	200,000	200,000	424,820	224,820
Total Expenditures	34,121,573	36,821,573	36,586,454	(235,118)
Excess (Deficiency) of Revenues over Expenditures	(791,051)	(791,051)	522,762	1,313,813
Net Change in Fund Balance	(791,051)	(791,051)	522,762	1,313,813
Fund Balance - Beginning	6,999,413	6,999,413	10,333,137	3,333,724
Prior Period Adjustment			1,438,658	
Fund Balance - Adjusted Beginning Balance	6,999,413	6,999,413	11,771,795	4,772,382
Fund Balance - Ending	6,208,362	6,208,362	12,294,557	6,086,195

REQUIRED SUPPLEMENTARY INFORMATION
Spokane Regional Health District
Schedule of the District's Proportionate Share of the Net Pension Liability
As of June 30, 2019

	2019	2018	2017	2016	2015
PERS 1					
SRHD's Proportion of the Net Pension Liability		.106769%	.100046%	.09719%	.093114%
SRHD's Proportionate Share of the Net Pension Liability	\$ 4,105,647	\$ 4,468,088	\$ 4,611,741	\$ 5,393,725	\$ 4,870,703
SRHD's Covered-Employee Payroll	\$ 14,460,450	\$ 13,129,762	\$ 11,979,286	\$ 11,671,666	\$ 10,972,885
SRHD's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	28.39%	34.03%	38.50%	46.21%	44.39%
Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability	67.12%	63.22%	61.24%	57.03%	59.10%
PERS 2/3					
SRHD's Proportion of the Net Pension Liability		.13452%	.124425%	.122157%	.116122%
SRHD's Proportionate Share of the Net Pension Liability	\$ 1,306,647	\$ 2,124,446	\$ 4,127,941	\$ 6,150,508	\$ 4,149,117
SRHD's Covered-Employee Payroll	\$ 14,460,450	\$ 13,129,762	\$ 11,979,286	\$ 11,671,666	\$ 10,972,885
SRHD's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	9.04%	16.18%	34.46%	52.70%	37.81%
Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability	97.77%	95.77%	90.97%	85.82%	89.20%

REQUIRED SUPPLEMENTARY INFORMATION
Spokane Regional Health District
Schedule of District Contributions
As of December 31, 2019

	2019	2018	2017	2016	2015
PERS 1					
Actuarially/statutorily/contractually determined contribution	\$ 736,907	\$ 711,409	\$ 623,952	\$ 574,477	\$ 516,937
Actual contribution in relation to the above	\$ 736,907	\$ 711,409	\$ 623,952	\$ 574,477	\$ 516,937
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 14,548,748	\$ 14,163,774	\$ 12,499,324	\$ 11,674,274	\$ 11,489,345
Contributions as a % of covered-employee payroll	5.07%	5.02%	4.99%	4.92%	4.50%
PERS 2/3					
Actuarially/statutorily/contractually determined contribution	\$ 1,142,782	\$ 1,053,547	\$ 858,653	\$ 730,267	\$ 655,235
Actual contribution in relation to the above	\$ 1,142,782	\$ 1,053,547	\$ 858,653	\$ 730,267	\$ 655,235
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 14,548,748	\$ 14,163,774	\$ 12,499,324	\$ 11,674,274	\$ 11,489,345
Contributions as a % of covered-employee payroll	7.85%	7.44%	6.87%	6.26%	5.70%

REQUIRED SUPPLEMENTARY INFORMATION

Spokane Regional Health District Schedule of Changes in Total OPEB Liability and Related Ratios Post-employment healthcare benefits For the year ended December 31, 2019 Last 10 Fiscal Years*

	2019	2018
Total OPEB liability - beginning	\$ 7,423,452	\$ 7,775,234
Service cost	537,238	520,084
Interest	293,968	268,351
Changes in benefit terms	-	-
Differences between expected and actual experience	-	99,714
Changes of assumptions	1,821,073	(1,155,852)
Explicit Subsidy Credit	(64,751)	(74,736)
Implicit Subsidy Credit	(9,317)	(9,343)
Other changes	-	-
Net change in total OPEB liability	2,578,211	(351,782)
Total OPEB liability - ending	10,001,663	7,423,452
Covered-employee payroll**	15,800,813	15,266,486
Total OPEB liability as a % of covered payroll	63.30%	48.63%

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.

Spokane Regional Health District
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			Note
				From Pass- Through Awards	From Direct Awards	Passed through to Subrecipients	
NATIONAL INSTITUTE OF FOOD AND AGRICULTURE; AGRICULTURE, DEPARTMENT OF (via WA State Department of Health)	Food Insecurity Nutrition Incentive Grants Program	10.331	CLH18262	15,191	-	15,191	-
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA State Department of Health)	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	CLH18262	2,011,354	-	2,011,354	-
SNAP Cluster							
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA State Department of Social and Health Services)	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	1869-34552	1,439,670	-	1,439,670	1,088,203
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA State Department of Social & Health Services)	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	1869-35421	161,336	-	161,336	-
Total SNAP Cluster:				1,601,006	-	1,601,006	1,088,203
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA State Department of Health)	WIC Farmers' Market Nutrition Program (FMNP)	10.572	CLH18262	2,313	-	2,313	-
Highway Planning and Construction Cluster							
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Department of Transportation)	Highway Planning and Construction	20.205	LA9413	68,960	-	68,960	-
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Department of Transportation)	Highway Planning and Construction	20.205	LA9011	9,751	-	9,751	-

The accompanying notes are an integral part of this schedule.

FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Department of Transportation)	Highway Planning and Construction	20.205	LA2032	55,974	-	55,974	-
Total Highway Planning and Construction Cluster:				134,685	-	134,685	-
Federal Transit Cluster							
FEDERAL TRANSIT ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Spokane Transit Authority)	Federal Transit Formula Grants	20.507	N/A	103,962	-	103,962	-
Total Federal Transit Cluster:				103,962	-	103,962	-
Transit Services Programs Cluster							
FEDERAL TRANSIT ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Spokane Transit Authority)	Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	N/A	3,055	-	3,055	-
Total Transit Services Programs Cluster:				3,055	-	3,055	-
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via WA State Department of Children, Youth & Families)	Special Education-Grants for Infants and Families	84.181	20-1121	466,242	-	466,242	-
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Department of Health)	Public Health Emergency Preparedness	93.069	CLH18262	443,131	-	443,131	-
HEALTH RESOURCES AND SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via University of Washington)	Area Health Education Centers	93.107	N/A	6,790	-	6,790	-
HEALTH RESOURCES AND SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Eastern Washington University)	Area Health Education Centers	93.107	N/A	17,113	-	17,113	-
Total CFDA 93.107:				23,903	-	23,903	-

The accompanying notes are an integral part of this schedule.

CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Department of Health)	93.136	CLH18262	166,097	-	166,097	-
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via University of Washington)	93.243	UWSC10700	59,669	-	59,669	-
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Department of Health)	93.268	CLH18262	139,397	-	139,397	-
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Department of Health)	93.268	CLH18262	152,140	-	152,140	3
		Total CFDA 93.268:	291,537	-	291,537	-
OFFICE OF ASSISTANT SECRETARY FOR HEALTH, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Planned Parenthood)	93.297	N/A	90,255	-	90,255	-
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Department of Health)	93.305	CLH18262	17,654	-	17,654	-
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Department of Health)	93.323	CLH18262	58,865	-	58,865	-

The accompanying notes are an integral part of this schedule.

CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Department of Health)	93.354	CLH18262	92,885	-	92,885	-
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response						
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Department of Health)	93.426	CLH18262	156,359	-	156,359	-
Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke						
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Department of Health)	93.435	CLH18262	46,328	-	46,328	-
Innovative State and Local Public Health Strategies to prevent and Manage Diabetes and Heart Disease and Stroke-						
CCDF Cluster						
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Community-Minded Enterprises)	93.575	N/A	10,000	-	10,000	-
Child Care and Development Block Grant						
Total CCDF Cluster:			10,000	-	10,000	-
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Department of Health)	93.758	CLH18262	37,635	-	37,635	11,200
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)						
Medicaid Cluster						
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Health Care Authority)	93.778	K2758	21,500	-	21,500	-
Medical Assistance Program						
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Health Care Authority)	93.778	N/A	10,894	-	10,894	-
Medical Assistance Program						

The accompanying notes are an integral part of this schedule.

CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Health Care Authority)	Medical Assistance Program	93.778	K3080	426,874	-	426,874	133,891
				Total Medicaid Cluster:	-	459,268	133,891
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Department of Health)	Opioid STR	93.788	CLH18262	1,519	-	1,519	-
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Health Care Authority)	Opioid STR	93.788	1866-33076	68,550	-	68,550	-
			Total CFDA 93.788:	70,069	-	70,069	-
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Department of Health)	Organized Approaches to Increase Colorectal Cancer Screening	93.800	CLH18262	62,402	-	62,402	-
DEPARTMENT OF HEALTH AND HUMAN SERVICES CENTERS FOR DISEASE CONTROL AND PREVENTION (via WA State Department of Health)	Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.815	CLH18262	6,243	-	6,243	-
IMMED OFFICE OF THE SECRETARY OF HEALTH AND HUMAN SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Department of Health)	Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	93.817	CLH18262	68,017	-	68,017	-
HEALTH RESOURCES AND SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Department of Children, Youth and Families)	Maternal, Infant and Early Childhood Home Visiting Grant	93.870	20-1174	759,312	-	759,312	-

The accompanying notes are an integral part of this schedule.

IMMED OFFICE OF THE SECRETARY OF HEALTH AND HUMAN SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Department of Health)	93.889	CLH18262	758,797	-	758,797	-
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Department of Health)	93.898	CLH18262	211,599	-	211,599	-
HEALTH RESOURCES AND SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Department of Health)	93.917	CLH18262	567,696	-	567,696	4
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Department of Health)	93.940	CLH18262	66,416	-	66,416	-
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Spokane County Regional Behavioral)	93.959	19A502292	167,802	-	167,802	4
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Department of Health)	93.977	CLH18262	49,306	-	49,306	-
HEALTH RESOURCES AND SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Department of Health)	93.994	CLH18262	358,513	-	358,513	-
Total Federal Awards Expended:			9,437,566	-	9,437,566	1,233,295

The accompanying notes are an integral part of this schedule.

Spokane Regional Health District
Notes to the Schedule of Expenditures of Federal Awards
January 1, 2019 - December 31, 2019

NOTE 1 - BASIS OF ACCOUNTING

This schedule is prepared on the same basis of accounting as the Spokane Regional Health District's financial statements. The district uses the modified accrual basis of accounting.

NOTE 2 - PROGRAM COSTS

The amount shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the district'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 – NON CASH AWARDS - VACCINE

The amount of vaccine reported on the Schedule is the value of vaccine received by the District during current year and priced as prescribed by the State of Washington Department of Health immunization program.

NOTE 4 - FEDERAL FEE FOR SERVICE REVENUE

The district received revenue from the state for the Title XIX and Medicare services provided to eligible clients in the amount of \$5,307,794. This is not documented on the federal schedule, as this is a fee for service revenue only.

NOTE 5 - INDIRECT COST RATE

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

The Spokane Regional Health District uses a Washington State Department of Health approved indirect cost rate of 9.59% which is applied to each CFDA number on this schedule.

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.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

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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