



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Yakima Health District

For the period January 1, 2020 through December 31, 2020

Published September 30, 2021

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

September 30, 2021

Board of Health
Yakima Health District
Union Gap, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the Yakima 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,

Pat McCarthy, State Auditor
Olympia, WA

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TABLE OF CONTENTS

Schedule of Findings and Questioned Costs.....	4
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.....	6
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance With the Uniform Guidance	8
Independent Auditor's Report on the Financial Statements.....	11
Financial Section.....	14
About the State Auditor's Office.....	53

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Yakima Health District January 1, 2020 through December 31, 2020

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of the Yakima 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 its major federal program.

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

Identification of Major Federal Programs

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

<u>CFDA No.</u>	<u>Program or Cluster Title</u>
21.019	Coronavirus Relief Fund

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

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

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

INDEPENDENT AUDITOR'S REPORT

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*

Yakima Health District January 1, 2020 through December 31, 2020

Board of Health
Yakima Health District
Union Gap, 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 Yakima Health District, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 22, 2021.

As discussed in Note 13 to the 2020 financial statements, the full extent of the COVID-19 pandemic's direct and indirect financial impact on the District is unknown. Management's plans in response to this matter are also described in Note 13.

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, reading "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

September 22, 2021

INDEPENDENT AUDITOR'S REPORT

Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

Yakima Health District January 1, 2020 through December 31, 2020

Board of Health
Yakima Health District
Union Gap, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the compliance of the Yakima 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, 2020. 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, 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.

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

September 22, 2021

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

Yakima Health District January 1, 2020 through December 31, 2020

Board of Health
Yakima Health District
Union Gap, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities and each major fund of the Yakima Health District, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed on page 14.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Yakima Health District, as of December 31, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 13 to the 2020 financial statements, the full extent of the COVID-19 pandemic's direct and indirect financial impact on the District is unknown. Management's plans in response to this matter are also described in Note 13. 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 14 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 September 22, 2021 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.



Pat McCarthy, State Auditor

Olympia, WA

September 22, 2021

FINANCIAL SECTION

Yakima Health District January 1, 2020 through December 31, 2020

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2020

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2020

Statement of Activities – 2020

Balance Sheet – Governmental Funds – 2020

Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental
Funds – 2020

Notes to Financial Statements – 2020

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule – Governmental Fund – 2020

Schedule of Changes in Total OPEB Liability and Related Ratios – 2020

Schedule of Proportionate Share of Net Pension Liability – PERS 1, PERS 2/3 – 2020

Schedule of Employer Contributions – PERS 1, PERS 2/3 – 2020

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2020

Notes to the Schedule of Expenditures of Federal Awards – 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Yakima Health District presents this narrative overview and analysis of its financial performance for the fiscal year ended December 31, 2020. We encourage the use of this discussion and analysis in conjunction with statements and supplemental schedules included in this report.

FINANCIAL HIGHLIGHTS

- The District's overall financial position increased from fiscal year (FY) 2019 to 2020. Net position increased by \$1,654,132 during FY 2020 to \$7,881,632. The change represents an increase of 26% in net position from the prior year.
- The final expenditure budget was adopted at \$8,829,097. The 2020 original expenditure budget was \$6,829,097. The final adopted budget represents an increase of \$2,000,000 from the original adopted budget. The budget amendment was mainly due to COVID-19 expenditures.
- The District's net capital assets decreased by approximately \$22,000 to \$1.9 million.

Discussion of the Basic Financial Statements

This discussion and analysis are intended to serve as an introduction to the financial statements of Yakima Health District. The District's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* consist of a *statement of net position* and a *statement of activities*. They are prepared using the economic resources measurement focus and the accrual basis of accounting. These statements focus on type of activities, rather than type of funds. These statements provide information about the activities of the District as a whole and present a long-term financial view.

The *statement of net position* presents information on all of the District's assets deferred outflows, liabilities and deferred inflows, with the difference reported as net position. This statement serves a purpose similar to that of the balance sheet of a private-sector business. The net position is reported in three categories: invested in capital assets, restricted, and unrestricted. Increases or decreases in the net position are indicators of the District's financial health.

The *statement of activities* is a report on the results of the District's operations. This statement separates program revenue (revenue generated by specific programs through charges for services, grants, and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program). The statement presents the cost of each function and the extent to which each of the local government's functions, programs or services relies on taxes for funding. All changes in net position are reported using the accrual basis of accounting which requires that revenues are reported when they are earned and expenses are reported when the goods and services are received. Items such as uncollected taxes, unpaid vendor invoices for items received in 2020, pension liability changes, other postemployment benefits (OPEB), and earned but unused vacation leave and a portion of sick leave will be included in the statement of

activities as revenue and expense, even though the cash associated with these items will not be received or distributed in 2020.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Yakima Health District, like other state and local governments, uses fund accounting for compliance with finance-related legal requirements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. There are two statements required - the balance sheet and the statement of revenues, expenditures, and changes in fund balance. General capital assets and general long-term liabilities are not reported in the governmental fund balance sheet. (They are reported in the government-wide financial statements.) The statement of revenues, expenditures, and changes in fund net balances reports information about the inflows, outflows, and balances of current financial resources of each major governmental fund.

Notes to the financial statement. The notes are essential to fair presentation of the basic financial statements. The notes include the summary of significant accounting policies and summary disclosure of such matters as significant contingent liabilities, significant effects of subsequent events, other postemployment benefits, pension plans, accumulated unpaid employee benefits (such as vacation and sick leave), material violations of finance-related legal and contractual provisions, and other significant commitments, any excess of expenditures over appropriations in individual funds or deficit balances of individual funds. Any other disclosures necessary in the circumstances are also included.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information; budgetary comparison schedule, other postemployment benefit, and pension schedules.

Condensed Comparative Financial Data

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Yakima Health District, assets exceeded liabilities by \$7,881,632 at the close of fiscal year 2020. This is a 27% increase from prior year.

Approximately 24% or \$1.9 million reflects the district's investment in capital used to provide services to citizens. Consequently, these assets are not available for future spending. This category decreased approximately \$22,000 compared to 2019 due to depreciation expense of \$101,000 and offsetting capital expenditures of \$79,000.

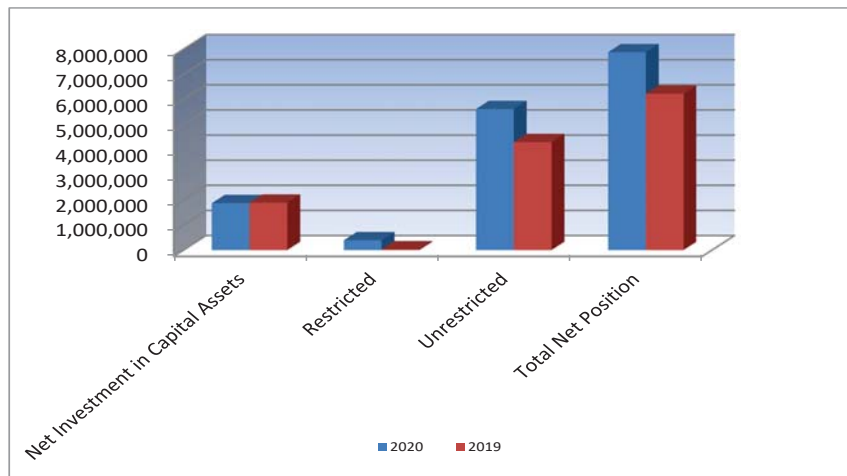
Restricted net position can only be spent on activities in accordance with external restrictions. Restricted net position increased to \$394,575 in 2020 from \$33,323 in 2019. The increase is mainly due to State COVID-19 Disaster Response Act funding, \$309,737. That funding was received in 2020 but will be expended in 2021. The District received a nongovernmental grant, Kresge, from a third party for public health training and community enhancement, \$80,838. Finally, the Dash Mentor program, \$4,000, is restricted for a data sharing project. Unrestricted net position increased by approximately \$1,315,000 from the prior year mainly due to diligent program management. The Health District receives annual funding, that is flexible, of

approximately \$1,412,000 that is used on varying organizational expenditures. In 2020, the organization's main focus was combatting COVID-19 in Yakima Valley. The expenditures of that battle were fully reimbursed through Department of Health grant funding. Due to the severity of the situation, the Health District had to pivot away from day-to-day operations to address the community issues derived from COVID-19 virus. As the expenditures for that were fully reimbursed, the organization had excess annual flexible funding, that was moved into unrestricted net position at year-end.

Current and other assets increased by approximately \$2,191,000 from 2019 to 2020. This comprises of an increase of \$587,000 in cash and cash equivalents and an increase in due from other government for of \$1,500,000. Current liabilities increased by \$413,000, 60%, from 2019 mainly due to account payables. Long-term liabilities increased approximately \$366,000, 14%, mainly due to an increase in compensated balances, \$47,000, Net Pension Liability, \$49,000, and OPEB Liability, \$270,000.

Net Position of Governmental Activities

	Governmental Activities		Variance	%
	2020	2019	Positive (Negative)	Change
Assets				
Current and Other Assets	9,920,475	7,707,452	2,213,023	28.71%
Capital Assets	1,868,910	1,891,063	(22,153)	-1.17%
Total Assets	11,789,385	9,598,515	2,190,870	22.83%
Deferred Outflows of Resources	312,883	245,442	67,441	100%
Liabilities				
Other Liabilities	1,104,314	691,477	412,837	59.70%
Long-term Liabilities	2,919,706	2,553,597	366,109	14.34%
Total Liabilities	4,024,020	3,245,074	778,946	24.00%
Deferred Inflows of Resources	196,616	371,383	(174,767)	100%
Net Position				
Net Investment in Capital Assets	1,868,910	1,891,063	(22,153)	-1.17%
Restricted	394,575	33,323.00	361,252	1084.09%
Unrestricted	5,618,147	4,303,114	1,315,033	30.56%
Total Net Position	7,881,632	6,227,500	1,654,132	26.56%



This District's total revenues in 2020 increased by \$2,453,000 or 38%. The largest contributor to the increased revenue is due to COVID-19 funding. Early in 2020, the Health District's pivoted from daily operations to combat the threat of COVID-19. Which included bringing on additional staff and hiring outside contractors. The contractors provided a wide arrange of services, from case contact investigation and tracing to a mass virus testing site at the Yakima State Park. The operations to combat COVID-19 was fully funded by the Department of Health. Expenditures increased by \$1,450,000, 25%, in comparison to fiscal year 2019 for mainly due to costs related to COVID-19. The District's revenue increased disproportionately to the increase of expenditures for the year. This is mainly due to personnel services annual expenditure of approximately \$2,900,000. In prior years, personnel services were supported by a combination of grants and public health assistance. The organization was able to be fully reimbursed for personnel services related to COVID-19 without the use of public health assistance in 2020. Public health assistance is funding received annually, regardless of expenditures, that can be used flexibly.

Changes in Net Position

	Governmental Activities		Variance Positive (Negative)	% Change
	2020	2019		
Revenues				
Charges for Services	2,935,821	3,515,777	(579,956)	-16.50%
Operating grants and contributions	4,333,445	1,550,840	2,782,605	179.43%
General revenues				
Public Health Assistance	1,412,085	1,121,944	290,141	25.86%
Investment Earnings	182,040	222,324	(40,284)	-18.12%
Total Revenues	8,863,391	6,410,885	2,452,506	38.26%
Expenditures				
Public Health	7,209,259	5,759,498	1,449,761	25.17%
Total Expenditures	7,209,259	5,759,498	1,449,761	25.17%
Change in Net Position	1,654,132	651,387	1,002,745	153.94%
Net Position, beginning of period	6,227,500	5,610,378	617,122	11.00%
Prior period adjustment	-	(34,265)	34,265	0.00%
Net Position, end of period	7,881,632	6,227,500	1,654,132	26.56%

Overall Analysis of Financial Position and Result of Operations

Although the District has a significant amount of unrestricted net position, the District is carefully monitoring revenues and keeping expense in line with resources. Total net position increased \$1,654,000 26%, in 2020 compared to 2019 mainly due to excess public health funding. The organization's activities were funded mainly by COVID-19 grants in 2020 creating excess public health assistance that increased the net position.

The financial policy of the Board of Health is that all programs should be completely funded by grants or other determined revenue source. Use of fund balance should be closely examined and reviewed. Prudent management of expenses and regular review of monthly financial statements by the management team contributed to diligent fiscal oversight.

Fund Analysis

The general fund reported an ending net position of approximately \$8.9 million which was an increase of \$1.8 million over 2019 net position. Increased expense of 13% was due to COVID-19 staffing and expenditure over the prior year.

Restricted fund balance increased \$361,000 due to external restrictions. The Health District received \$309,737 from Department of Health in State funding for COVID-19 operations. The organization was able to use funding received in 2020 for 2021 expenditures. The remaining restricted fund balance is from 3rd party nongovernmental grants, Kresge and Dash Mentor contribution. The unassigned fund balance increased by approximately \$1.4 million due to the majority of expenditures being related to COVID-19 and fully reimbursed by the Department of Health. This created excess public health funding.

Revenue increased from prior year by approximately, \$2.1 million, 32%. Licenses and Permits and Charges for Services decreased in the current year by \$848,000. In 2020, the economy slowed down nationally due to the lockdown created by the COVID-19 virus. Many restaurants, bars, construction projects, and other facilities that the receive Health District inspections, were shut down during the year. State and Federal grant funding saw an increase of approximately \$2.4 million from 2019 to combat COVID-19.

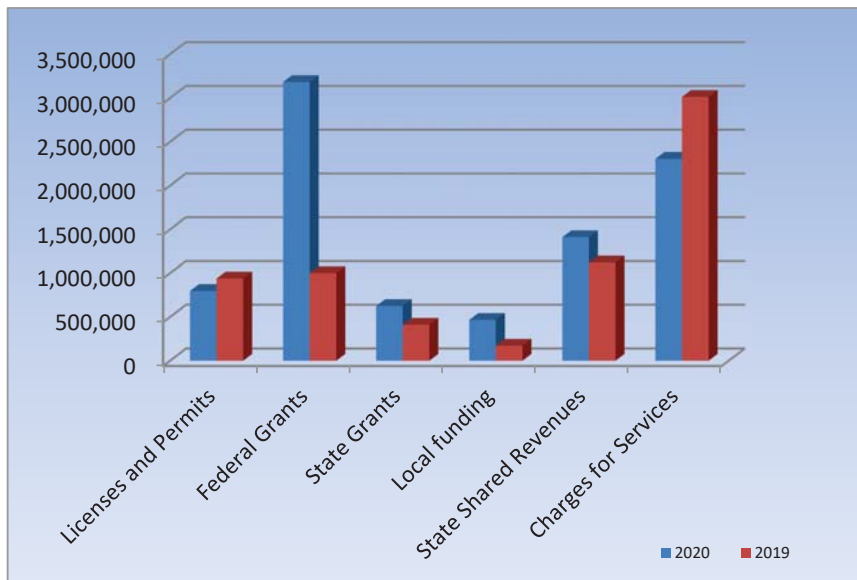
Revenues, Expenses and Changes in Fund Balance

	General Fund		Variance	%
	2020	2019	Positive (Negative)	Change
Licenses and Permits	796,316	939,120	(142,804)	-15.21%
Federal Grants	3,182,740	1,000,711	2,182,029	218.05%
State Grants	623,544	411,342	212,202	51.59%
Local funding	467,294	169,508	297,786	175.68%
State Shared Revenues	1,412,085	1,121,944	290,141	25.86%
Charges for Services	2,306,378	3,011,666	(705,288)	-23.42%
Total Revenues	8,788,357	6,654,291	2,134,066	32.07%

Expenses

Public Health	7,031,985	6,243,484	788,501	12.63%
Total Expenses	7,031,985	6,243,484	788,501	12.63%

Change in Net Position	1,756,372	410,807	1,345,565	327.54%
Net Position, beginning of period	7,104,936	6,694,129	410,807	6.14%
Prior Period Adjustment	0	0	0	0.00%
Net Position, end of period	8,861,308	7,104,936	1,756,372	24.72%



The District does not believe that it has any restrictions, commitments, or other limitations that significantly affect the availability of operational fund resources in the future.

Budget Variance in the General Fund

The original 2020 expense budget was adopted at \$6,829,097. This is an increase of approximately \$240,000, 3.6%, from the 2019 budget. In March of 2020, the Board of Health adopted an additional \$2,000,000 in expenditures, driving the total 2020 budget up to \$8,829,097. The cost of combatting COVID-19 was not known at the time and the Board of Health wanted the Health District to be able to support the community in this time of crisis.

Management continues to reevaluate staffing needs and watch inflow of revenue. The Board of Health does not approve budget of any program when funding is uncertain.

CAPITAL ASSET AND LONG-TERM LIABILITY ACTIVITY

Capital Assets

The net capital assets decreased from the previous year due to depreciation. However, during 2020 the organization purchased two vehicles and an air conditioning unit. Assets that were classified as Improvements other than buildings were reclassified to Equipment. The following shows capital asset balances, net, as of December 31, 2020 and 2019:

	2020	2019
Land	376,742	376,742
Buildings	1,389,117	1,417,370
Improvements other than buildings	0	91,929
Equipment	103,051	5,022
Total capital assets (net)	1,868,910	1,891,063

See Note 5, Capital Assets.

Long Term Liabilities

Long term liabilities consist of compensated absences totaling \$124,830, other postemployment benefits of \$2,093,463 and a net pension liability of \$701,413. See Note 10, Long-Term Liabilities.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and customers with a general overview of the District's finances and to show the District's accountability for the money it receives. The financial statements are audited on an annual basis by the Washington State Auditor's Office in accordance with OMB Circular Uniformed Guidance. Upon completion of the audit and issuance of the audit report, the report will be available by contacting the District. Other questions about additional financial information should be addressed to:

Yakima Health District
1210 Ahtanum Ridge Drive
Union Gap, WA 98903
(509) 249-6600

YAKIMA HEALTH DISTRICT
STATEMENT OF NET POSITION
December 31, 2020

	Governmental Activities
ASSETS	
<i>Current Assets</i>	
Cash	\$ 96,432
Revolving Fund/Petty Cash	8,000
Temporary Investments	7,066,507
Restricted Temporary Investments	394,575
Accounts Receivable	133,261
Due From Other Government	2,183,921
Prepaid Expenses	37,779
Total Current Assets	9,920,475
<i>Noncurrent Assets</i>	
Capital Assets Not Being Depreciated:	376,742
Capital Assets Being Depreciated (net)	1,492,168
Total Noncurrent Assets	1,868,910
Total Assets	11,789,385
DEFERRED OUTFLOWS OF RESOURCES	
Amounts Related to OPEB	29,892
Amounts Related to Pensions	282,991
Total Deferred Outflows of Resources	312,883
LIABILITIES	
<i>Current Liabilities</i>	
Accounts Payable	645,576
Wages Payable	106,699
Other Accrued Expenses	149,567
Other Postemployment Benefits	59,784
Due To Other Government	50,096
Compensated Absences	92,592
Total Current Liabilities	1,104,314
<i>Noncurrent Liabilities</i>	
Compensated Absences	124,830
Net Pension Liability	701,413
Other Postemployment Benefits	2,093,463
Total Noncurrent Liabilities	2,919,706
Total Liabilities	4,024,020
DEFERRED INFLOWS OF RESOURCES	
Amounts Related to Pensions	196,616
Total Deferred Inflows of Resources	196,616
NET POSITION	
Investment in Capital Assets	1,868,910
Restricted	394,575
Unrestricted	5,618,147
Total Net Position	\$ 7,881,632

The Accompanying Notes are an Integral Part of This Statement

YAKIMA HEALTH DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues		Net Revenue (Expense) and Change in Net Position
		Charges for Services	Operating Grants and Local Contributions	Governmental Activities
Primary Government				
Public Health	\$ 7,209,259	\$ 2,935,821	\$ 4,333,445	\$ 60,007
Total Governmental Activities	7,209,259	2,935,821	4,333,445	60,007
General revenues:				
Public Health Assistance				1,412,085
Investment Earnings				182,040
Total General Revenues				1,594,125
Change in Net Position				1,654,132
Net Position Beginning				6,227,500
Change in Accounting Principles				-
Prior Period Adjustment				-
Net Position Ending				\$ 7,881,632

The Accompanying Notes are an Integral Part of This Statement

YAKIMA HEALTH DISTRICT
Balance Sheet
Governmental Funds
December 31, 2020

	<u>General Fund</u>
ASSETS	
Cash	\$ 96,432
Revolving Fund/Petty Cash	8,000
Temporary Investments	7,461,082
Accounts Receivable	133,261
Due From Other Government	2,183,921
Prepaid Expenses	37,779
Other Assets	-
Total Assets	<u><u>9,920,475</u></u>
LIABILITIES	
Accounts Payable	645,576
Wages Payables	106,699
Accrued Expenses Payable	149,567
Due To Other Government	50,096
Total Liabilities	<u><u>951,938</u></u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenues	107,229
Total Deferred Inflows of Resources	<u><u>107,229</u></u>
FUND BALANCES	
Nonspendable - Prepaid	37,779
Restricted	
COVID-19 Disaster Response Act	309,737
Kresge Grant	80,838
Dash Mentor	4,000
Committed	
Capital Outlay	223,206
Unassigned	8,205,748
Total Fund Balances	<u><u>8,861,308</u></u>
Total Liabilities, Deferred Inflows and Fund Balances	<u><u>\$ 9,920,475</u></u>

Reconciliation of amounts reported on Fund Statement to Government-Wide Statement of Net Position

Amounts reported for governmental activities in the statement are different because amount in Balance Sheet Fund statement is:	\$ 8,861,308
Add: Capital Assets used in governmental activities are not financial resources and therefore are not reported in the fund statement	1,868,910
Add: Some Accounts receivable not collected within 60 days of year-end and therefore are not reported in the fund statement	107,229
Minus: Some liabilities are not due and payable in the current period and therefore are not reported in the fund statement. See Note 10	(3,072,082)
Add Deferred outflows related to pensions (\$282,991) and related to OPEB (\$29,892) minus Deferred inflows related to pensions (\$196,616)	116,267
Net Position of Governmental Activities	<u><u>\$ 7,881,632</u></u>

The Accompanying Notes are an Integral Part of This Statement

YAKIMA HEALTH DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year Ended December 31, 2020

	General Fund
Revenues	
Licenses and Permits	\$ 796,316
Federal Grants	3,182,740
State Grants	623,544
Local funding	467,294
Public Health Assistance	1,412,085
Fees for Services and Miscellaneous	2,306,378
Total Revenues	<u>8,788,357</u>
Expenditures	
Health	
Personnel Services	2,897,195
Supplies	312,443
Other Services and Charges	3,743,680
Capital Outlay	78,667
Total Expenditures	<u>7,031,985</u>
Excess (deficiency) of revenues over expenditures	1,756,372
Net Change in Fund Balance	1,756,372
Fund Balance as of January 1, 2020	7,104,936
Prior period adjustment	-
Fund Balance as of December 31, 2020	<u>\$ 8,861,308</u>

Reconciliation to the Statement of Activities

Reconciliation of amounts reported on this statement and government wide statement of activities:

Net Changes in Fund balances, total Governmental Funds	\$ 1,756,372
Governmental fund report capital outlays as expenditures. However, in the statement of activities the cost of those assets (\$78,667) is allocated over their estimated useful lives and reported as depreciation expense (\$100,820).	(22,153)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the fund-level statement.	107,229
Revenues providing current financial resources which were reported in the prior year statement of activities.	(32,196)
Expenses for increase in employee leave accruals (\$83,799), decrease in pension liabilities (\$196,267) and increase in OPEB (\$267,588) incurred during the period related to liabilities that are still outstanding and not yet due at year-end, and not reported in the funds.	(155,120)
Change in Net Position of Governmental Activities	<u>\$ 1,654,132</u>

The Accompanying Notes are an Integral Part of This Statement

YAKIMA HEALTH DISTRICT
Notes to Financial Statements
December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Yakima Health District (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 Yakima Health District was incorporated in 1911 and operates under the laws of the state of Washington applicable to public health jurisdictions. It was established by the City of Yakima and Yakima County to respond to a request by the local Board of Health. The Board operates under authority of the Revised Code of Washington 70.05. It consists of three County commissioners, two members of the city councils, and two representatives from the community. This governing board sets policies, approves appropriations and expenses, establishes local ordinances, and is generally responsible for the administration and operation of the District.

As required by generally accepted accounting principles, the financial statements present the District as the primary government with no component units.

B. 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 Yakima Health District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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. The District's 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 of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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 Yakima Health District considers revenues to be available if

they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Licenses, permits, interest and other charges 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. All other revenue items are considered to be measurable and available only when cash is received by the District.

The Yakima Health District reports its one and only major governmental fund. The general fund is the Yakima Health District's operating fund. It accounts for all financial resources of the general government.

D. Budgetary Information

1. Scope of Budget

The annual appropriated budget is adopted on the full accrual basis of accounting.

All annual appropriations for general revenue (current expense) fund lapse at year-end except for capital outlay projects, which are carried forward from year to year until fully expended or the purpose of the appropriation has been accomplished or abandoned.

The district's managers may transfer appropriations within related programs. The budget constitutes the legal authority for expenditures of all programs.

2. Amending the Budget

The Administrator and the Chief Fiscal Officer are authorized to transfer budgeted amounts within any object class within departments. However, any revisions that alter the total expenditures of Yakima Health 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.

When the Yakima Health District determines that it is in the best interest of the District to increase or decrease the appropriation for the agency, it may do so by resolution approved by a majority of the Board of Health members. A majority must include at least two county commissioners.

The budget amounts shown in the Management Discussion and Analysis (MD&A) are the final authorized amounts for the year.

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.

E. Assets, Liabilities and Net Position or Fund Balance

1. Cash and Cash Equivalents

It is the Yakima Health District's policy to invest all temporary cash surpluses. The amount is classified on the balance sheet as temporary investments.

The Treasurer also holds cash on behalf of the District. Similar to temporary investments, the County Treasurer accounts for these funds in an agency fund.

See Note 4, Deposits and Investments.

2. Temporary Investments

As required by state law, investments of the District's funds are in obligations of the U.S. Government, the State Treasurer's Investment Pool, or deposits with Washington State Banks and Saving & Loan institutions. The District's investments are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). The investments are valued at fair market value.

3. Receivables

Customer accounts receivable consist of amounts owed by private individuals or organizations for goods and services including amounts owed on open account from private individuals or organizations for goods and services rendered.

4. Amounts Due to and from Other Governmental Units

These accounts include amounts due to or from other governments for grants, warrants, entitlements, and charges for services in the normal everyday course of business.

5. Prepayments

Prepayments made for services and supplies that will benefit a future period are recorded as prepaid items. This includes advance payments for postage machine and insurance premiums, both are expensed the following fiscal year.

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental column in the government-wide financial statement. Capital assets are defined by the Yakima Health District as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation when they exceed the capitalization limit of \$10,000.

Costs for additions or improvements to capital assets are capitalized when they significantly increase the value of, enhance the performance of, or change their useful life.

The costs for normal maintenance and repairs are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The district had no construction projects ongoing in 2020.

Property, plant, and equipment are depreciated using the straight line method over their estimated useful life of such assets. Office Equipment & Furniture

Description	Useful life	Salvage Value
Land	Unlimited	100%
Buildings	50	20%
Office Equipment & Furniture	20	0%
Building Equipment & Fixtures	15	0%
Computer Equipment and related peripherals	5	0%

8. Compensated Absences

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

Vacation pay, which may be accumulated up to 256 hours is payable upon resignation, retirement or death.

Sick leave policy states that outstanding sick leave is lost upon resignation. However, employees eligible for retirement benefits are allowed to receive 25% of accumulated sick leave.

9. Other Accrued Liabilities

These accounts consist of accrued wages and accrued employee benefits. It also includes obligations to private agencies awaiting final billings.

10. Long-Term Liabilities

In the government-wide financial statements, long term liabilities consist of compensated absences payable after one year, net pension liability, and other postemployment benefits.

11. Other Postemployment Benefits

The District uses the state managed Public Employee Benefits Board (PEBB) provided through Washington State Health Care Authority (HCA) to purchase medical insurance for employees. Retirees are grouped with current employees/members in PEBB to allow retirees to receive a lower premium, creating an implicit subsidy. This subsidy creates a liability due to the fact that current contributions are used to fund medical costs for retirees now and in the future. Thus, retirees are receiving a postemployment benefit. To calculate the organization's Other Postemployment Benefit (OPEB) liability the alternative measurement method was used.

12. 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.

13. Fund Balance Classification

On the Balance Sheet-Governmental Funds, assets in excess of liabilities are reported as fund balances and are segregated into separate classifications indicating the extent to which the District is bound to honor constraints on specific purposes for which those funds can be spent.

- A. Fund balance is reported as *Nonspendable* when the resources cannot be spent because they are either in a nonspendable form or are legally or contractually required to be maintained intact. Resources in nonspendable form may include inventories, certain long-term contracts/ notes receivable, and prepaid items.
- B. Fund balance is reported as *Restricted* when the constraints placed on the use of resources are either: (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, the District's policy is to use restricted resources first and then unrestricted resources, as needed.

The local health jurisdiction has a restricted net position at year-end of \$394,575.

- C. Fund balance is reported as Committed when the Board of Health (the government's highest level of decision-making authority) adopts a resolution that places specific constraints on how the resources may be used. Once adopted, the commitment remains until it is modified or rescinded by the adoption of a new resolution by the Board.

Board of Health resolutions approved the commitment of funds for building capital.

- D. Amounts in the *Assigned* fund balance category do not meet the criteria to be classified as committed, and are generally more temporary in nature. In other words, additional action does not need to be taken to remove the assignment. *Assigned* fund balance is reported when the intent to use funds for a specific purpose is formally expressed by the Board of Health or by the Board's designee.
- E. *Unrestricted* Net Position represent amounts not included in other categories.

The District's current policy only addresses restricted and unrestricted resources (as stated above). At this time the District's order of use complies with GASB Statement No. 54, which directs that committed amounts will be used first, followed by assigned amounts and then unassigned amounts.

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 fund and net position – governmental activities as reported in the government-wide statement of net position.

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

The governmental fund's statement of revenues, expenditures, and changes in fund net position 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.

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions and there have been no expenditures exceeding legal appropriations in any of the funds of the Yakima Health District.

NOTE 4 - DEPOSITS AND INVESTMENTS

As of December 31, 2020, the District cash, cash equivalents, and investments as reported on the Statement of Net Position are as follows:

Cash on hand	\$ 104,432
Yakima County Investment Pool	7,461,082
Total cash and investments	<u>\$ 7,565,514</u>

The District as of December 31, 2020 had investments of \$7,461,082 in the Yakima County Investment Pool, which are classified as cash equivalents. Additional cash & cash equivalents consist of \$104,432 held in interest bearing bank accounts, petty cash, and cash change drawers.

Deposits:

Custodial credit risk (deposits). Custodial risk for deposits is the risk that, in the event of a bank failure, the government's deposits may not be returned. The District has an adopted policy that addresses deposit custodial risk; however, the District's deposits and certificates of deposit are entirely covered by the Federal Deposit Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). In the event of a bank failure, claims for the District's deposits would be satisfied by the FDIC or from the sale of collateral held in the PDPC pool.

Investments

Statutes authorize the District to invest in obligations of the U.S. Treasury, U.S. Agencies, and instrumentality's, banker's acceptances, repurchase agreements, county investment pool and the state treasurer's investment pool. The District is also authorized to enter into reverse repurchase agreements but did not participate in these investments during 2020.

The District is voluntarily invested in a public funds investment pool, Yakima County Investment Pool (YCIP), reported at fair value. Withdrawal notices, between \$1 to under \$5 million, must be submitted no later than 12:00 noon the day prior to the desired transaction date. For withdrawal notices \$5 million or more, the district must notify the treasurer two weeks in advance of the withdrawal date.

The YCIP operates in accordance with appropriate state laws and regulations. Yakima County investment pool is not SEC-registered. Authority to manage the Pool is derived from the Revised Code of Washington (RCW) in RCW 36.29.022. The fair value of the position in the pool is the same as the value of the pool shares.

Investments are recorded at fair value in accordance with GASB Statement No. 72, Fair Value Measurement and Application. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. Cash investments are not subject to interest rate risk or any market value reporting requirements. The investments are either fully insured or fully held by a third-party custody provider in the name of the YCIP. The YCIP is audited annually by the Washington State Auditor's Office and regulated by Washington RCWs.

Investments Measured at Fair Value

The District measures and records its investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities;
- Level 2: Quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable
- Level 3: Unobservable inputs for an asset or liability, to the extent observable inputs are not available

As of December 31, 2020, the District had the following fair value measurements.

Fair Value Measurements Using				
Investments by fair value level	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Yakima County Treasurer's Investment Pool	7,461,082	-	7,461,082	-
Total Investments by Fair Value Level	\$ 7,461,082	\$ -	\$ 7,461,082	\$ -

NOTE 5 – CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2020 was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, not being depreciated:				
Land	\$ 376,742	\$ -	\$ -	\$ 376,742
Total Capital Assets, not being depreciated	376,742	-	-	376,742
Capital Assets, being depreciated:				
Buildings	1,765,826	-	-	1,765,826
Improvements other than buildings	260,532	-	(251,032)	9,500 *
Machinery & Equipment	28,197	329,699	-	357,896
Total Capital Assets, being depreciated	2,054,555	329,699	(251,032)	2,133,222
Less Accumulated Depreciation for:				
Buildings	348,456	28,253	-	376,709
Improvements other than buildings	168,603	-	(159,103)	9,500 *
Machinery & Equipment	23,175	231,670	-	254,845
Total accumulated depreciation	540,234	259,923	(159,103)	641,054
Total Capital Assets, being depreciated, Net	1,514,321	69,776	(91,929)	1,492,168
Governmental Activities Capital Assets, Net	\$ 1,891,063	\$ 69,776	\$ (91,929)	\$ 1,868,910

* Improvements other than buildings assets were reclassified into Machinery & Equipment.

NOTE 6 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB Statement 75 for the year 2020.

Aggregate OPEB Amounts – All Plans	
OPEB liabilities	\$ 2,153,247
OPEB assets	\$ -
Deferred outflows of resources	\$ 29,892
Deferred inflows of resources	\$ -
OPEB expenses/expenditures	\$ 328,304

OPEB Plan Description

The District provides medical insurance from state managed Public Employee Benefits Board (PEBB) the administrator of the plan is Washington State Health Care Authority (HCA) which is a single objective plan. The insurance provided through HCA gives all Health District employees the option of six different plans; Kaiser Permanente Classic, Kaiser Permanente Value, Kaiser Permanente CDHP, Uniform Classic, Uniform CDHP, and Uniform Plus. Those six plans range in cost/benefits, with four different options within those plans. The employee could choose to cover; employee only, employee and children, employee and spouse, or full family. The District contributed per employee up to \$937, employee/children \$1,037, employee/spouse \$1,087, full family \$1,137, per month. If the employee's choice plan is greater than the District's contribution, the employee is responsible for the remaining cost.

The organization does not contribute directly to retirees' medical insurance; however, retirees are grouped with current employees/members in PEBB's cost pool. This allows retirees to pay a lower premium, creating an implicit subsidy. This subsidy creates a liability because current contributions are used to fund medical costs for current retirees.

Employees covered by benefit terms: At December 31, 2020, the following employees were covered by the benefit terms.

Inactive employees or beneficiaries currently receiving benefits	20
Inactive employees entitled to but not yet receiving benefits	-
Active employees	32
Total	52

The District funds the OPEB obligation on a pay as you go basis and there are no assets accumulated in a qualifying trust.

Assumptions

The Alternative Measurement Method (AMM) tool was used to measure the total OPEB liability because the district has less than 99 employees. The AMM tool used relied on the following actuary reports; 2018 PEBB OPEB Actuarial Valuation Report and OPEB Actuarial Valuation for the State's June 30, 2020 Fiscal Year-End.

The following presents the total OPEB liability of the District calculated using the current healthcare cost trend rate of 6.8%, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1% point lower (5.8%) or 1% point higher (7.8%) that the current rate.

	1% Decrease (5.8%)	Current Healthcare Cost Trend Rate (6.8%)	1% Increase (7.8%)
Total OPEB Liability	\$1,821,005	\$2,153,247	\$2,589,289

The following presents the total OPEB liability of the District calculated using the discount rate of 3.5%, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1% point lower (2.5%) or 1% point higher (4.5%) that the current rate.

	1% Decrease (2.5%)	Current Discount Rate (3.5%)	1% Increase (4.5%)
Total OPEB Liability	\$2,539,129	\$2,153,247	\$1,847,730

Changes in the Total OPEB Liability

Public Employee Benefits Board	
Total OPEB Liability at 01/01/2020	\$ 1,888,623
Service cost	72,703
Interest	67,542
Changes in Experience Data and Assumptions	188,059
Changes of benefit terms	-
Benefit payments	(63,680)
Other changes	-
Total OPEB Liability at 12/31/2020	\$ 2,153,247

To calculate the total OPEB liability the alternative method was used with a measurement date of June 30, 2020. The District's reporting date is December 31, 2020. The estimated transactions subsequent to the measurement date is \$29,892. The total OPEB expense for the current year is \$328,304.

At December 31, 2020, 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 expected and actual experience	\$ -	\$ -
Changes of assumptions	\$ -	\$ -
Payments subsequent to the measurement date	\$ 29,892	\$ -
TOTAL	\$ 29,892	\$ -

Deferred outflows of resources of \$29,892 resulting from payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2021.

NOTE 7 - PENSION PLANS

The following table represents the aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, *Accounting and Financial Reporting for Pensions* for the year 2020:

Aggregate Pension Amounts - All Plans	
Pension liabilities	\$ (701,413)
Pension assets	\$ -
Deferred outflows of resources	\$ 282,991
Deferred inflows of resources	\$ (196,616)
Pension expense/expenditures	\$ 65,200

State Sponsored Pension Plans

Substantially all District 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, 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.

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%. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18%. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2020 were as follows:

PERS Plan 1		
Actual Contribution Rates	Employer	Employee*
January – August 2020		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Total	12.86%	6.00%
September–December 2020:		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Total	12.97%	6.00%

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

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1% of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

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

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice 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 % and escalate to 15% with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

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%. 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 2020 were as follows:

PERS Plan 2/3		
Actual Contribution Rates:	Employer 2/3	Employee 2*
January – August 2020		
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%	7.41%
September–December 2020:		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.97%	7.90%

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

The District's actual PERS plan contributions were \$98,671 to PERS Plan 1 and \$162,797 to PERS Plan 2/3 for the year ended December 31, 2020.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2020 with a valuation date of June 30, 2019. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Experience Study* and the *2019 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2019 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2020. Plan liabilities were rolled forward from June 30, 2019, to June 30, 2020, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.7% 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:** 7.40%

Mortality rates were developed using the Society of Actuaries' Pub. H-2020 mortality rates, which vary by member status, as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society Actuaries, to project mortality rates for every year after the 2010 base table. 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 its demographic assumptions based on the results of its latest demographic experience study. See OSA's 2013-2018 Demographic Experience Study at leg.wa.gov/osa.
- OSA updated the Early Retirement Factors and Joint-and-Survivor factors used in its model to match the ones implemented by DRS on October 1, 2020. These factors are used to value benefits for members who elect to retire early and for survivors of members that die prior to retirement.
- The valuation includes liabilities and assets for Plan 3 members purchasing Total Allocation Portfolio annuities when determining contribution rates and funded status.
- OSA simplified its modeling of medical premium reimbursements for survivors of duty-related deaths in LEOFF 2.

OSA changed its method of updating certain data items that change annually, including the public safety duty-related death lump sum and Washington state average wage. OSA set these values at 2018 and will project them into the future using assumptions until the next Demographic Experience Study in 2025. See leg.wa.gov/osa for more information on this method change.

Discount Rate

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

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.4% was used to determine the total liability.

Long-Term Expected Rate of Return

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

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, 2020, are summarized in the table below. The inflation component used to create the table is 2.2% and represents the WSIB's most recent long-term estimate of broad economic inflation.

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

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%, 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%, or 1-percentage point higher, 8.4%, then the current rate.

	1% Decrease 6.40%	Current Rate 7.40%	1% Increase 8.40%
PERS 1	\$ 597,882	\$ 477,329	\$ 372,195
PERS 2/3	\$ 1,394,308	\$ 224,084	\$ (739,597)

Pension Plan Fiduciary Net Position

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

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

At June 30, 2020, the District reported a total pension liability of \$701,413 or its proportionate share of the net pension liabilities as follows:

Plan	Liability or (Asset)
PERS 1	\$ 477,329
PERS 2/3	\$ 224,084

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

	Proportionate Share 6/30/19	Proportionate Share 6/30/20	Change in Proportion
PERS 1	0.01279%	0.01352%	0.00073%
PERS 2/3	0.01653%	0.01752%	0.00099%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans except LEOFF 1.

The collective net pension liability (asset) was measured as of June 30, 2020, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2019, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2020, the District recognized pension expense as follows:

	Pension Expense
PERS 1	\$ 44,908
PERS 2/3	20,292
TOTAL	\$ 65,200

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2020, 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
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ 2,658
Contributions subsequent to the measurement date	52,598	-
TOTAL	\$ 52,598	\$ 2,658

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 80,218	\$ 28,083
Net difference between projected and actual investment earnings	-	11,380
Changes of assumptions	3,192	153,068
Changes in proportionate share	60,845	1,427
Contributions subsequent to the measurement date	86,138	-
TOTAL	\$ 230,393	\$ 193,958

PERS 1 & PERS 2/3 Net	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 80,218	\$ 28,083
Net difference between projected and actual investment earnings	-	14,038
Changes of assumptions	3,192	153,068
Changes in proportionate share	60,845	1,427
Contributions subsequent to the measurement date	138,736	-
TOTAL	\$ 282,991	\$ 196,616

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, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	PERS 1	PERS 2/3
2021	\$ (12,060)	\$ (81,322)
2022	\$ (379)	(10,566)
2023	\$ 3,680	15,642
2024	\$ 6,101	32,117
2025	-	(303)
Thereafter	-	(5,271)
Total Net Deferred (Inflows)/Outflows	\$ (2,658)	\$ (49,703)

Differences between projected and actual earnings on plan investments as follows:

Fiscal year ended June 30:	PERS 1	PERS 2/3
2021	\$ (12,060)	\$ (74,019)
2022	(379)	(3,263)
2023	3,680	22,945
2024	6,101	42,957
Total Deferred (Inflows)/Outflows	\$ (2,658)	\$ (11,380)

Differences between expected and actual experience as follows:

Fiscal year ended June 30:	PERS 2/3	
	Inflows	Outflows
2021	\$ (6,686)	\$ 16,221
2022	(6,686)	16,221
2023	(6,686)	16,221
2024	(6,686)	12,412
2025	(1,339)	10,780
Thereafter	-	8,364
Total Deferred (Inflows)/Outflows	\$ (28,083)	\$ 80,219

Changes in assumptions as follows:

Fiscal year ended June 30:	PERS 2/3	
	Inflows	Outflows
2020	\$ (29,118)	\$ 641
2021	(29,118)	641
2022	(29,118)	641
2023	(29,118)	611
2024	(18,133)	598
Thereafter	(18,463)	60
Total Deferred (Inflows)/Outflows	\$ (153,068)	\$ 3,192

Employer's changes in proportionate share as follows:

Fiscal year ended June 30:	PERS 2/3	
	Inflows	Outflows
2020	\$ (432)	\$ 12,071
2021	(432)	12,071
2022	(432)	12,071
2023	(131)	12,071
2024	-	7,789
Thereafter	-	4,772
Total Deferred (Inflows)/Outflows	\$ (1,427)	\$ 60,845

NOTE 8 - DEFERRED COMPENSATION PLAN

The Yakima Health District offers employees deferred compensation plans created in accordance with Internal Revenue code Section 457. These plans are with the Hartford Insurance Group, Nationwide Investment Services Corporation, and the State of Washington Deferred Compensation Program. The plans, available to all employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

NOTE 9 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance. The District maintains insurance against most normal hazards for commercial automobile, property loss and general liability.

Yakima 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, 2020, there are 547 Enduris members representing a broad array of special purpose districts throughout the state. Enduris provides property and liability coverage as well as risk management services and other related administrative services.

Members make an annual contribution to fund the Pool and share in the self-insured retention. The self-insured retention is:

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

Enduris acquires reinsurance from unrelated insurance companies on a “per occurrence” basis to cover all losses over the self-insured retentions as shown on the policy maximum limits. Liability coverage is for all lines of liability coverage including Public Official's Liability. The Property coverage is written on an “all risk”, blanket basis using current Statement of Values. The Property coverage includes but is not limited to mobile equipment, boiler and machinery, electronic data processing equipment, business interruption, course of construction and additions, property in transit, fine arts, cyber and automobile physical damage to insured vehicles. Liability coverage limit is \$20 million per occurrence and property coverage limit is \$800 million 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.

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.

Enduris did not have any claim settlements that exceeded the limits in the last 3 years.

NOTE 10 – CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities outstanding at December 31, 2020 are as follows:

<u>Governmental Activities:</u>	<u>Beginning Balance 01/01/2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance 12/31/2020</u>	<u>Due Within One year</u>
Compensated Absences	\$ 133,623	\$ 83,799	\$ -	\$ 217,422	\$ 92,592
Net Pension Liability	652,508	48,905	-	701,413	-
Other Postemployment Benefits	<u>1,888,623</u>	<u>264,624</u>	<u>-</u>	<u>2,153,247</u>	<u>59,784</u>
Governmental Activity long-term liabilities	<u>\$ 2,674,754</u>	<u>\$ 397,328</u>	<u>\$ -</u>	<u>\$ 3,072,082</u>	<u>\$ 152,376</u>

NOTE 11 - CONTINGENCIES AND LITIGATIONS

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

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

NOTE 12 – DEFERRED INFLOWS OF RESOURCES

In addition to deferred inflows of resources related to pensions and other post-employment benefits, governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but have not yet earned. At the end of the current fiscal year, the organization had deferred inflows of resources related to pension liabilities.

NOTE 13 – SUBSEQUENT EVENT

In March of 2020 a national and local health emergency was declared regarding the contagious spread of a new virus, COVID 19. The district is a focal point in combatting the virus' spread in the local community. The seriousness of the new disease resulted in a shift of normal operations for the organization. The length of time these measures will be in place, and the full extent of the financial impact on Yakima Health District is unknown at this time.

Required Supplementary Information
Yakima Health District
Budgetary Comparison Schedule
Governmental Fund
For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actuals	Budget Variance Over (Under)
Revenues:				
Licenses and Permits	\$ 1,368,386	\$ 1,368,386	\$ 796,316	\$ (572,070)
Federal Grants	917,507	917,507	3,182,740	2,265,233
State Grants	259,916	259,916	623,544	363,628
Local Funding	164,000	164,000	467,294	303,294
Public Health Assistance	1,191,405	1,191,405	1,412,085	220,680
Fees for Services and Miscellaneous	2,533,183	2,533,183	2,306,378	(226,805)
Total Revenues	6,434,397	6,434,397	8,788,357	2,353,960
Expenses				
General				
Personnel Services	2,835,978	3,169,978	2,897,195	272,783
Supplies	184,586	750,586	312,443	438,143
Other Services and Charges	3,808,533	4,908,533	3,743,680	1,164,853
Capital Outlay	-	-	78,667	(78,667)
Public Health Expenses *	6,829,097	8,829,097	7,031,985	1,797,112
Revenues Over (Under) Expenses **	(394,700)	(2,394,700)	1,756,372	4,151,072
Fund Balance as of January 1, 2020	6,227,500	6,227,500	7,104,936	(877,436)
Prior period adjustment	-	-	-	-
Fund Balance as of December 31, 2020	\$ 5,832,800	\$ 3,832,800	\$ 8,861,308	\$ 5,028,507

* A budget amendment was adopted for COVID-19 expenditures.

** In 2020 the fund budget is at a loss. The District has approximately \$7.6M in cash and temporary investments. The organization is actively trying to spend that balance down.

Yakima Health Distcit
Schedule of Changes in Total OPEB Liability and Related Ratios
Public Employees Benefits Board
Measurement date of 6/30

	2020	2019	2018
Total OPEB liability - beginning	\$ 1,888,623	\$ 2,268,089	\$ 2,273,735
Service cost	72,703	76,571	82,087
Interest	67,542	89,137	83,210
Changes in benefit terms	0	0	0
Differences between expected and actual experience	188,059	(461,635)	(107,344)
Changes of assumptions	0	0	0
Benefit payments	(63,680)	(83,539)	(63,599)
Other changes			
Total OPEB liability - ending	<u>2,153,247</u>	<u>1,888,623</u>	<u>2,268,089</u>
Covered-employee payroll **	2,896,223	2,601,763	2,421,764
Total OPEB liability as a % of covered payroll	74.35%	72.59%	93.65%

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.

Health District OPEB was calculated using State Auditor Office's Alternative Measurement Method for PEBB.

Differences between expected and actual is the main driver in the change in OPEB liability for year-ending 2019.

** Covered-employee payroll is the payroll of employees that are provided with OPEB through the OPEB plan (GASB 75, par. 246).

Yakima Health District
REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans
Schedule of Proportionate Share of the Net Pension Liability
PERS 1
As of June 30
Last 7 Fiscal Years**

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	Covered payroll***	Employer's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2020	0.013520%	\$ 477,329	\$ 1,885,805	25.31%	68.64%
2019	0.012794%	491,975	1,813,865	27.12%	67.12%
2018	0.012437%	555,441	1,663,683	33.39%	63.22%
2017	0.011793%	559,587	1,487,386	37.62%	61.24%
2016	0.012438%	667,979	1,456,123	45.87%	57.03%
2015	0.014620%	764,762	1,513,213	50.54%	59.10%
2014	0.016587%	835,578	1,516,463	55.10%	61.19%

Yakima Health District
REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans
Schedule of Proportionate Share of the Net Pension Liability
PERS 2/3
As of June 30
Last 7 Fiscal Years**

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	Covered payroll***	Employer's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2020	0.017521%	\$ 224,084	\$ 1,885,805	11.88%	97.22%
2019	0.016527%	160,533	1,813,865	8.85%	97.77%
2018	0.015885%	271,222	1,663,683	16.30%	95.77%
2017	0.014951%	519,476	1,487,386	34.93%	90.97%
2016	0.015025%	756,497	1,413,404	53.52%	85.82%
2015	0.015591%	557,075	1,383,446	40.27%	89.20%
2014	0.014426%	291,602	1,247,528	23.37%	93.29%

Notes to Schedule: *The District full and part-time employees participates in two Public Employees' Retirement Systems (PERS), one is considered PERS 1 and the other plan is PERS 2/3. The pension calculation was performed using figures from Department of Retirement Systems (DRS). DRS issues a Participating Employer Financial Information (PEFI) on their fiscal year-end June 30, 2020.

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

*** Covered payroll is the payroll on which contributions to a pension plan are based (GASB 82, par. 5)

Yakima Health District
REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans
Schedule of Employer Contributions
PERS 1
As of December 31
Last 7 Fiscal Years**

Year Ended December 31,	Statutorily or contractually required contributions	Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered employer payroll	Contributions as a percentage of covered payroll
2020	\$ 98,671	\$ (98,671)	-	\$ 2,055,511	4.80%
2019	91,584	(91,584)	-	1,851,459	4.95%
2018	87,256	(87,256)	-	1,722,970	5.06%
2017	78,697	(78,697)	-	1,605,081	4.90%
2016	69,624	(69,624)	-	1,427,504	4.88%
2015	70,235	(70,235)	-	1,497,120	4.69%
2014	72,359	(72,359)	-	1,516,777	4.77%

Yakima Health District
REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans
Schedule of Employer Contributions
PERS 2/3
As of December 31
Last 7 Fiscal Years**

Year Ended December 31,	Statutorily or contractually required contributions	Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered employer payroll	Contributions as a percentage of covered payroll
2020	\$ 162,797	\$ (162,797)	-	\$ 2,055,511	7.92%
2019	142,902	(142,902)	-	1,851,459	7.72%
2018	129,228	(129,228)	-	1,722,970	7.50%
2017	110,341	(110,341)	-	1,605,081	6.87%
2016	87,401	(87,401)	-	1,402,911	6.23%
2015	79,762	(79,762)	-	1,414,231	5.64%
2014	67,284	(67,284)	-	1,321,274	5.09%

Notes to Schedule: *The District full and part-time employees participates in two Public Employees' Retirement Systems (PERS), one is considered PERS 1 and the other plan is PERS 2/3. The pension calculation was performed using figures from Department of Retirement Systems (DRS). DRS issues a Participating Employer Financial Information (PEFI) on their fiscal year-end June 30, 2020.

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

Yakima Health District
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

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	
SNAP Cluster							
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via Department of Health)	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	CLH18269	25,926	-	25,926	1,2,3
			Total SNAP Cluster:	25,926	-	25,926	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Department of Health)	Coronavirus Relief Fund	21.019	CLH18269	2,616,230	-	2,616,230	1,2,3
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Department of Health)	Public Health Emergency Preparedness	93.069	CLH18269	133,713	-	133,713	1,2,3
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Department of Health)	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	CLH18269	9,449	-	9,449	1,2,3
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Department of Health)	Immunization Cooperative Agreements	93.268	CLH18269	42,207	-	42,207	1,2,3
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Department of Health)	WELL-INTEGRATED SCREENING AND EVALUATION FOR WOMEN ACROSS THE NATION (WISEWOMAN)	93.436	CLH18269	22,228	-	22,228	1,2,3

The accompanying notes are an integral part of this schedule.

Yakima Health District

Expenditures

**YAKIMA COUNTY HEALTH DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 1 - BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is prepared on the basis of accounting of the District which is the modified accrual basis of accounting.

Note 2 - PROGRAM COSTS

The amounts shown as current year expenditures represent only the federal portion of the program costs. Entire program costs, including the Yakima Health District portion may be more than shown.

Note 3 - INDIRECT COST RATE

The amount expended includes \$134,416 claimed as an indirect cost recovery using an approved indirect cost rate of 50.77% for programs other than BCCHP and STD Prevention.

The amount expended includes \$29,422 claimed as an indirect cost recovery for BCCHP and STD Prevention programs using the 10-percent de minimis indirect cost allowed under the Uniform Guidance.

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In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

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