



Office of the Washington State Auditor  
Pat McCarthy

## **Financial Statements and Federal Single Audit Report**

# **Spokane Regional Health District**

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

*Published October 28, 2021*

Report No. 1029264



Find out what's new at SAO  
by scanning this code with  
your smartphone's camera



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

October 28, 2021

Board of Health  
Spokane Regional Health District  
Spokane, Washington

**Report on Financial Statements and Federal Single Audit**

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

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

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

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

## 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.....	70

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

### Spokane Regional Health District January 1, 2020 through December 31, 2020

#### SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of the Spokane Regional Health District are summarized below in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

##### Financial Statements

We issued an unmodified opinion on the fair presentation of the financial statements of the governmental activities and each major fund in accordance with accounting principles generally accepted in the United States of America (GAAP).

##### Internal Control over Financial Reporting:

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

We noted no instances of noncompliance that were material to the financial statements of the District.

##### Federal Awards

##### Internal Control over Major Programs:

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

We issued an unmodified opinion on the District’s compliance with requirements applicable to 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	COVID-19 – 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 did not qualify as a low-risk auditee under the Uniform Guidance.

## SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

## SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

## 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*

#### **Spokane Regional Health District January 1, 2020 through December 31, 2020**

Board of Health  
Spokane Regional Health District  
Spokane, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Spokane Regional Health District, as of and for the year ended December 31, 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 October 12, 2021.

As discussed in Note 12 to the financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the District is unknown. Management's plans in response to this matter are also discussed in Note 12.

### **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

October 12, 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

### **Spokane Regional Health District January 1, 2020 through December 31, 2020**

Board of Health  
Spokane Regional Health District  
Spokane, Washington

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

We have audited the compliance of the Spokane Regional Health District, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended December 31, 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 style with a large, stylized "P" and "M".

Pat McCarthy, State Auditor

Olympia, WA

October 12, 2021

# INDEPENDENT AUDITOR'S REPORT

## Report on the Financial Statements

### **Spokane Regional Health District January 1, 2020 through December 31, 2020**

Board of Health  
Spokane Regional Health District  
Spokane, Washington

## **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Spokane Regional Health District, as of and for the year ended December 31, 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 Spokane Regional 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 12 to the financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the District is unknown. Management's plans in response to this matter are also discussed in Note 12. 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 October 12, 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.

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

October 12, 2021

## **FINANCIAL SECTION**

### **Spokane Regional 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

Reconciliation – Balance Sheet/Statement of Net Position – 2020

Notes to Financial Statements – 2020

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual  
– General Fund – 2020

Schedule of the District's Proportionate Share of the Net Pension Liability – PERS 1,  
PERS 2/3 – 2020

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

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

#### **SUPPLEMENTARY AND OTHER INFORMATION**

Schedule of Expenditures of Federal Awards – 2020

Notes to the Schedule of Expenditures of Federal Awards – 2020

**Spokane Regional Health District**  
**Annual Report**  
**For the Fiscal Year Ended December 31, 2020**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

This Management Discussion and Analysis (MD&A) of the Spokane Regional Health District (SRHD) provides an introduction to the major activities affecting the operations of the Health District and an introduction and overview to the financial performance and statements of the Spokane Regional Health District for the fiscal year ended December 31, 2020.

*Discussion of the Basic Financial Statements*

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Our policy is to allocate indirect costs to a specific function or segment.

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

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

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

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

*Condensed Comparative Financial Data*

Governmental Activities

The changes in net position are a useful indicator of SRHD’s financial position. SRHD’s assets exceeded liabilities by \$9.98 million on December 31, 2020, not including deferred inflows and outflows. District operations resulted in an increase to net position of \$ 3.1 million.

General Fund

During the year, the District had revenues of \$47.4 million and expenses of \$44.7 million.

**Spokane Regional Health District**  
**Annual Report - Management's Discussion and Analysis**  
**For the Fiscal Year Ended December 31, 2020**

In fiscal year 2018, the District adopted GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions. This standard replaces the requirements of GASB Statement No. 45 as it relates to governments that provide postemployment benefits other than pensions administered as trusts or similar arrangements that meet certain criteria. Comparative prior year information, to the extent presented, has not been restated because the necessary information is not available. Updated actuarial assumptions were used in 2020.

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

GENERAL FUND			Change
			Increase
	2020	2019	(Decrease)
ASSETS:			
Current and Other Assets	\$ 22,128	\$ 15,578	\$ 6,550
Capital Assets	9,848	10,248	(400)
Total Assets	31,976	25,826	6,150
DEFERRED OUTFLOWS OF RESOURCES:	3,725	3,522	203
LIABILITIES:			
Long-term Liabilities	16,100	16,481	(381)
Other Liabilities	5,894	2,792	3,102
Total Liabilities	21,994	19,273	2,721
DEFERRED INFLOWS OF RESOURCES:	5,065	4,576	489
NET POSITION:			
Invested in Capital Assets	9,848	10,248	(400)
Unrestricted	(1,207)	(4,749)	3,542
TOTAL NET POSITION	\$ 8,641	\$ 5,499	\$ 3,142

*Analysis of the Condensed Comparative Statement of Net Position*

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

The decrease in capital assets during 2020 reflects the net of \$146,431 in purchases, less \$547,140 in depreciation.

The decrease in long-term liabilities reflect a decrease in Net Pension Liability (NPL) from \$5,412,294 to \$5,200,392, a decrease from \$9,911,974 to \$9,587,660 in Total Other Post-Employment Benefit (OPEB) obligation and an increase in compensated absences from \$1,157,425 to \$1,312,400.

**Spokane Regional Health District**  
**Annual Report - Management's Discussion and Analysis**  
**For the Fiscal Year Ended December 31, 2020**

Condensed Statement of Activities (in thousands)

GENERAL FUND		
<b>Revenues</b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Charges for Services	10,138	9,907
Operating Grants & Contributions	31,353	21,775
General Revenues	5,907	5,427
<b>Total Revenues</b>	<b>\$ 47,398</b>	<b>\$ 37,109</b>
<b>Program Expenses</b>		
Public Health	44,256	36,543
<b>Total Expenses</b>	<b>\$ 44,256</b>	<b>\$ 36,543</b>
Change in Net Position	3,142	566
<b>Total Net Position, January 1</b>	<b>\$ 5,499</b>	<b>\$ 4,933</b>
<b>Total Net Position, December 31</b>	<b>\$ 8,641</b>	<b>\$ 5,499</b>

*Overall Analysis of Financial Position and Result of Operations*

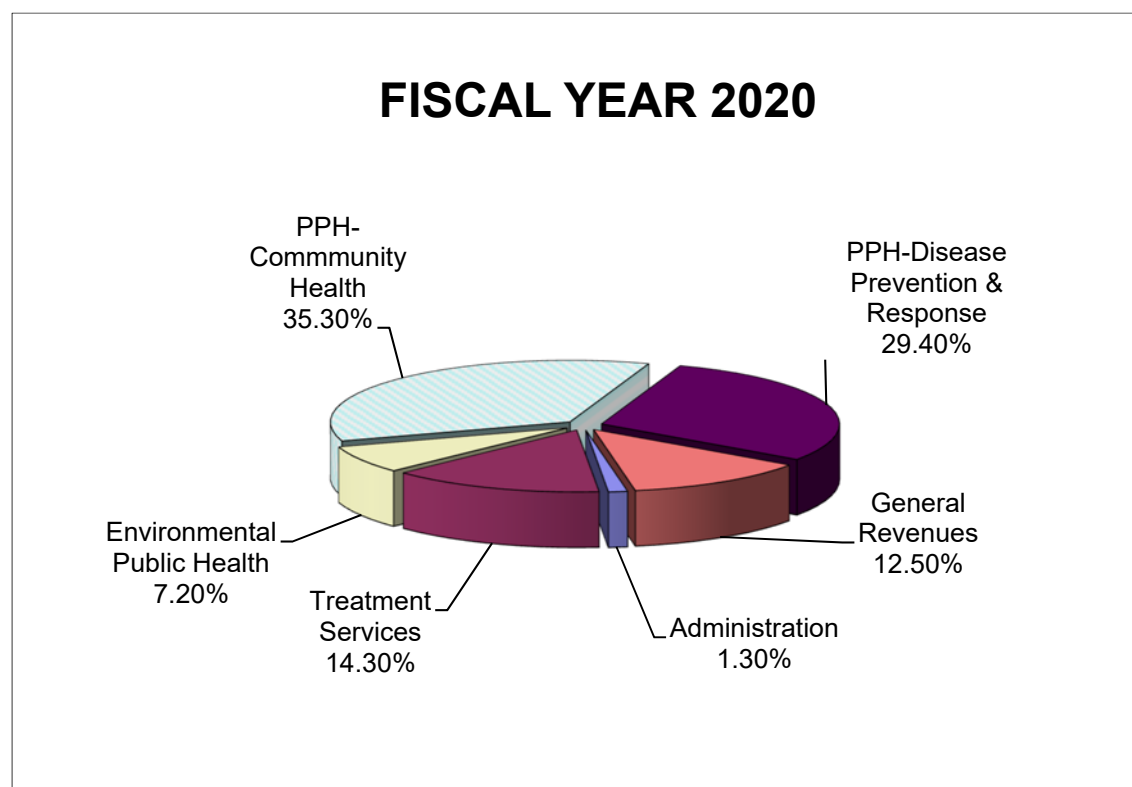
- Total revenues and expenses were up due to the District's extensive involvement with the COVID-19 pandemic response efforts.
- In April 2020, the Community Family Services and Health Promotion divisions were combined into the new Preventive Public Health – Community Health division.

A summary of revenues for the year ended December 31, 2020, and the amount and percentage change in relation to prior year amounts is as follows (in thousands):

**Spokane Regional Health District  
Annual Report - Management's Discussion and Analysis  
For the Fiscal Year Ended December 31, 2020**

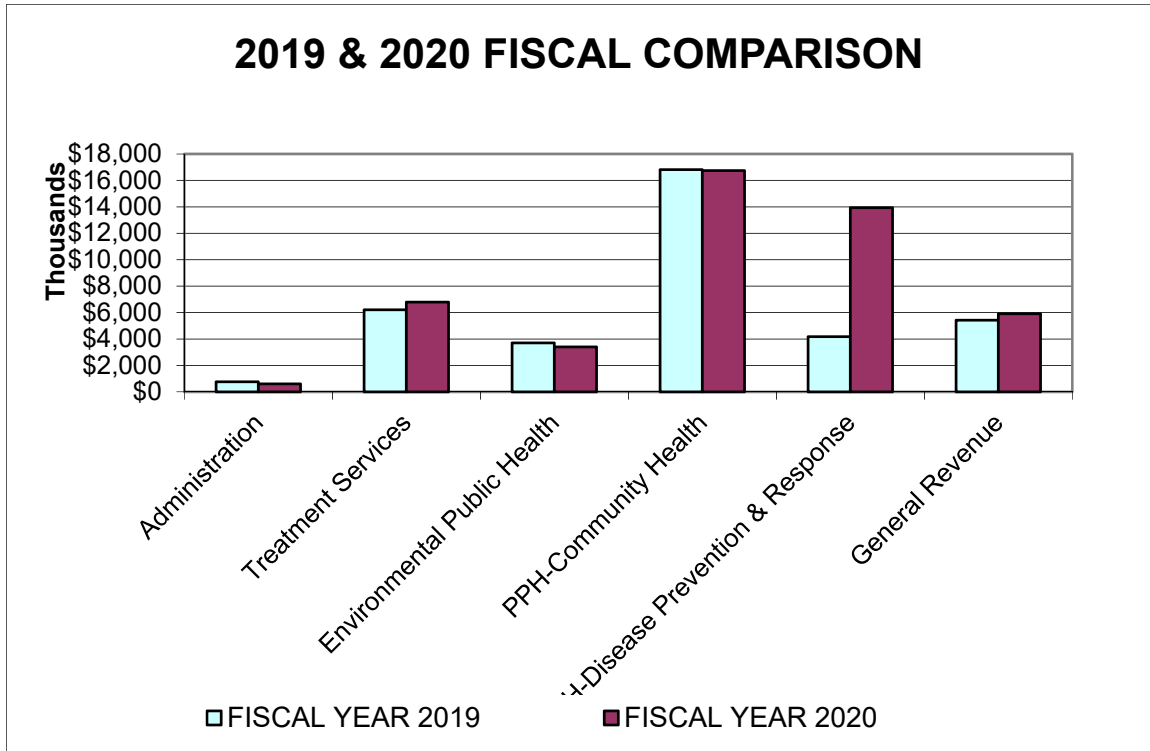
	2020	2019	Amount Increase (Decrease)	Percent Increase (Decrease)
<b>PROGRAM REVENUES:</b>				
Treatment Services	6,793	6,216	577	9.3%
Environmental Public Health	3,398	3,709	(311)	-8.4%
PPH-Community Health	16,741	16,817	(76)	-0.5%
PPH-Disease Prevention & Response	13,950	4,177	9,773	234.0%
Administration	609	763	(154)	-20.2%
<b>TOTAL PROGRAM REVENUES</b>	<b>41,491</b>	<b>31,682</b>	<b>9,809</b>	<b>31.0%</b>
<b>GENERAL REVENUE</b>	<b>5,907</b>	<b>5,427</b>	<b>480</b>	<b>8.8%</b>
<b>TOTAL REVENUES</b>	<b>\$ 47,398</b>	<b>\$ 37,109</b>	<b>\$ 10,289</b>	<b>27.7%</b>

The following chart shows revenues by division for the fiscal year ended December 31, 2020:

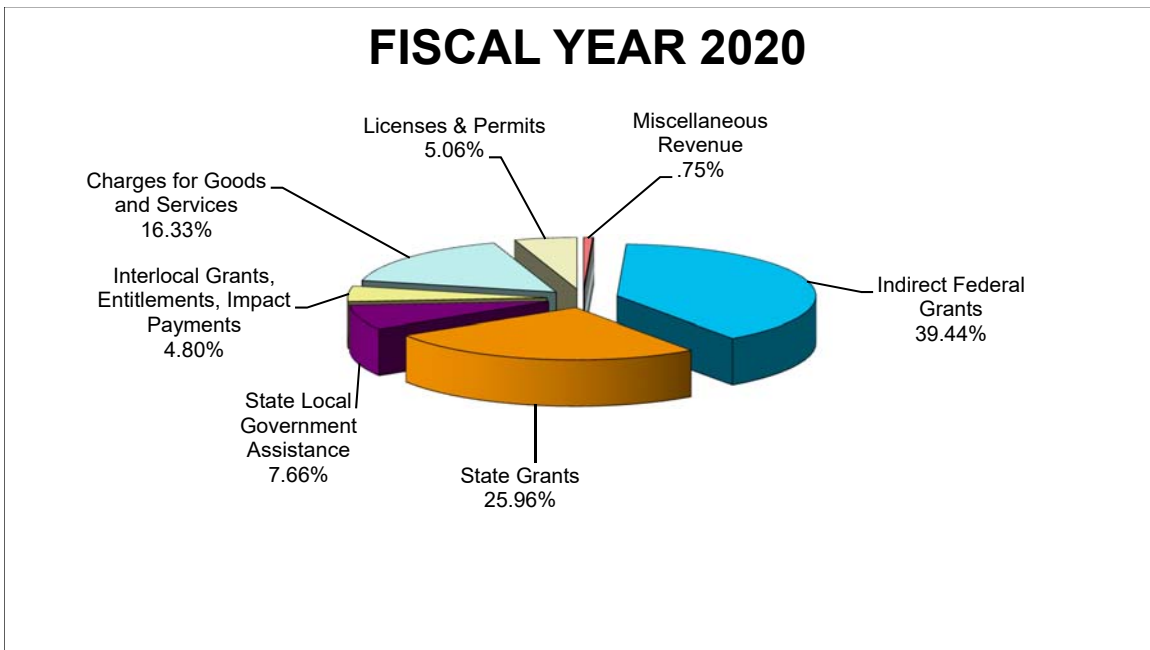


# Spokane Regional Health District Annual Report - Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2020

A comparison of revenues by division for fiscal years ending December 31, 2019, and 2020 is as follows:



The following chart shows the major sources and the percentage of total operating revenues for the fiscal year ended December 31, 2020:

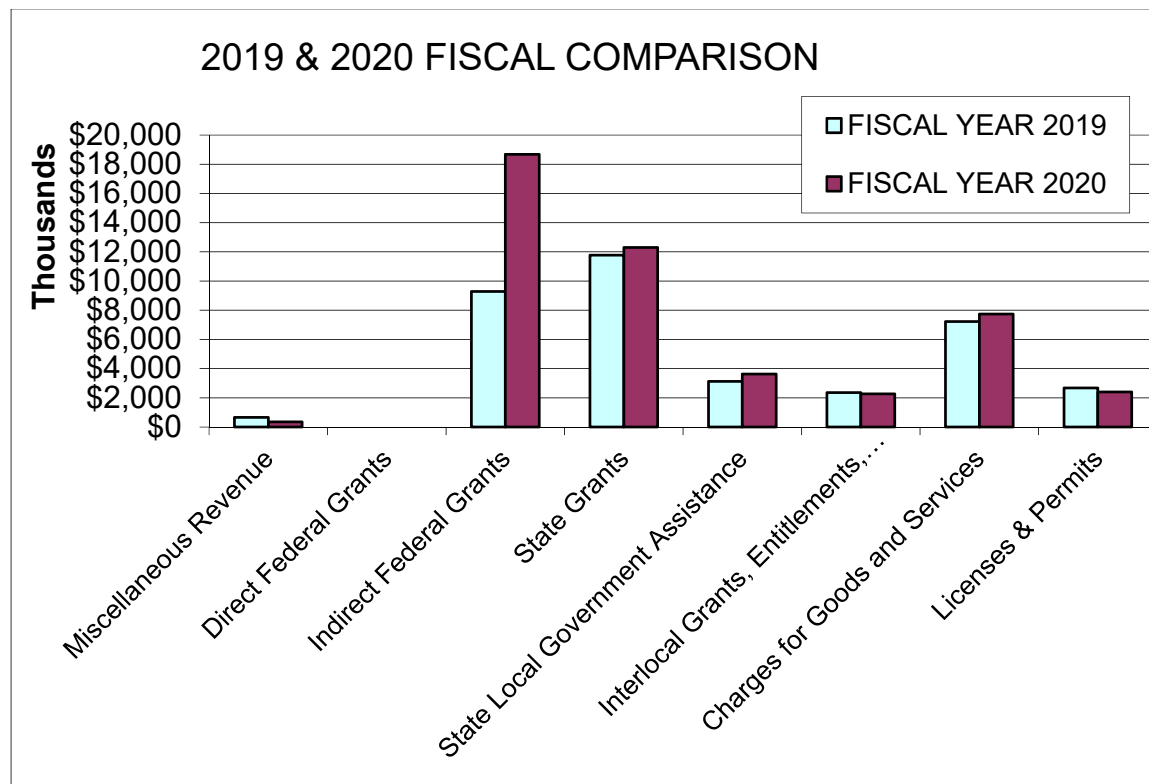


# Spokane Regional Health District

## Annual Report - Management's Discussion and Analysis

### For the Fiscal Year Ended December 31, 2020

A comparison of revenues by source for fiscal years ending December 31, 2019, and 2020 is as follows:

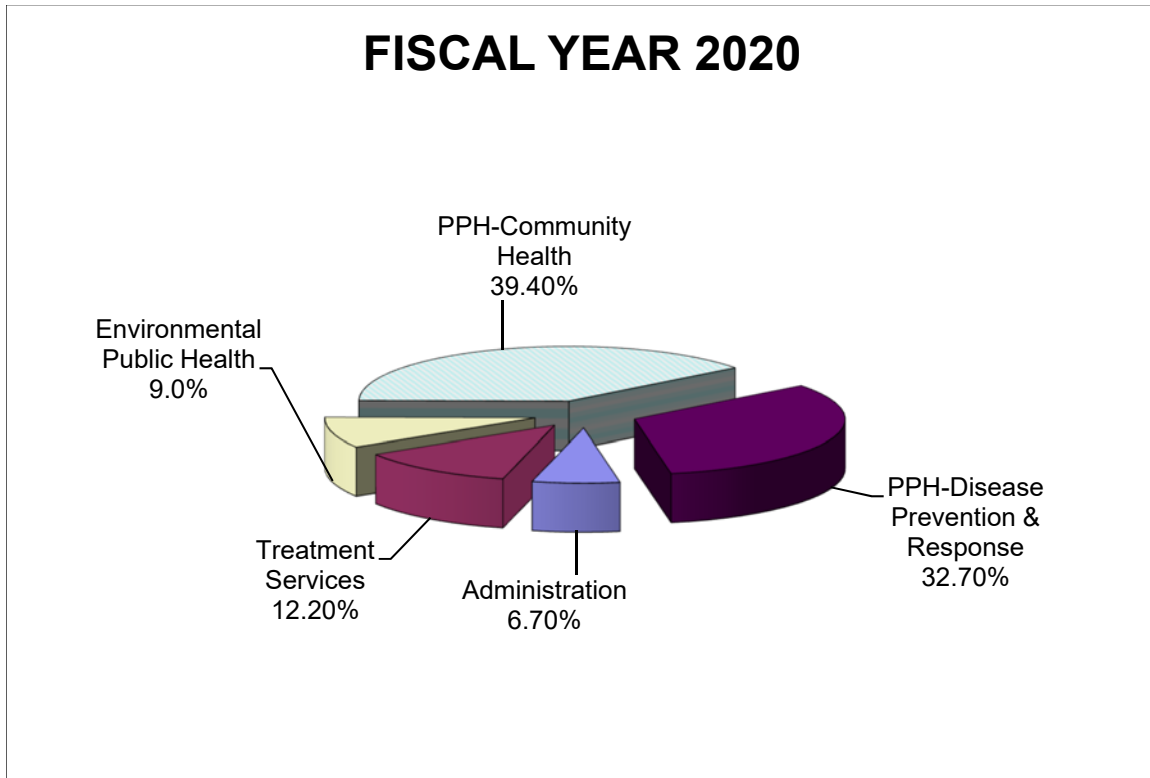


A summary of program expenditures for the year ended December 31, 2020, and the amount and percentage change in relation to prior year amounts is as follows (in thousands):

EXPENDITURES:	2020	2019	Amount Increase (Decrease)	Percent Increase (Decrease)
Current:				
Treatment Services	5,448	5,115	333	6.5%
Environmental Public Health	4,025	4,000	25	0.6%
PPH-Community Health	17,587	17,852	(265)	-1.5%
PPH-Disease Prevention & Response	14,587	6,095	8,492	139.3%
Administration	2,857	3,100	(243)	-7.8%
Capital Outlay	146	424	(278)	-65.6%
<b>TOTAL EXPENDITURES</b>	<b>\$ 44,650</b>	<b>\$ 36,586</b>	<b>\$ 8,064</b>	<b>22.0%</b>

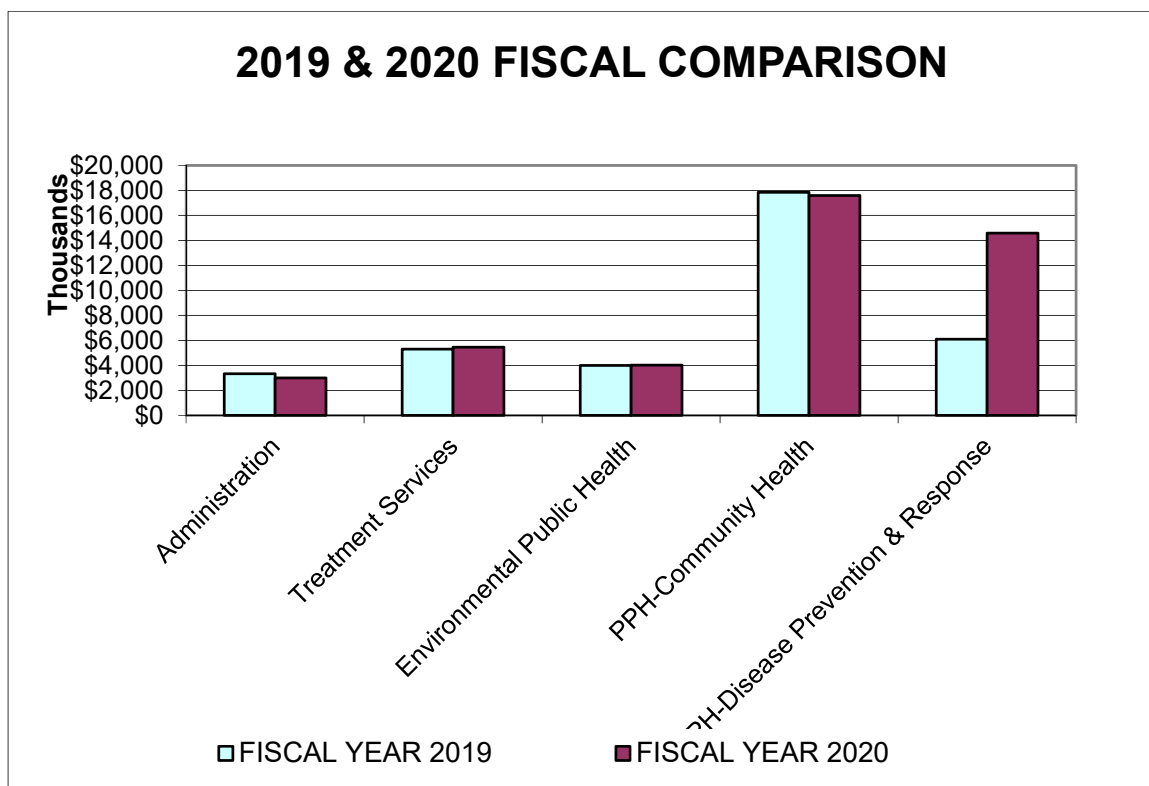
**Spokane Regional Health District  
Annual Report - Management's Discussion and Analysis  
For the Fiscal Year Ended December 31, 2020**

The following chart shows expenditures by division for the fiscal year ended December 31, 2020:

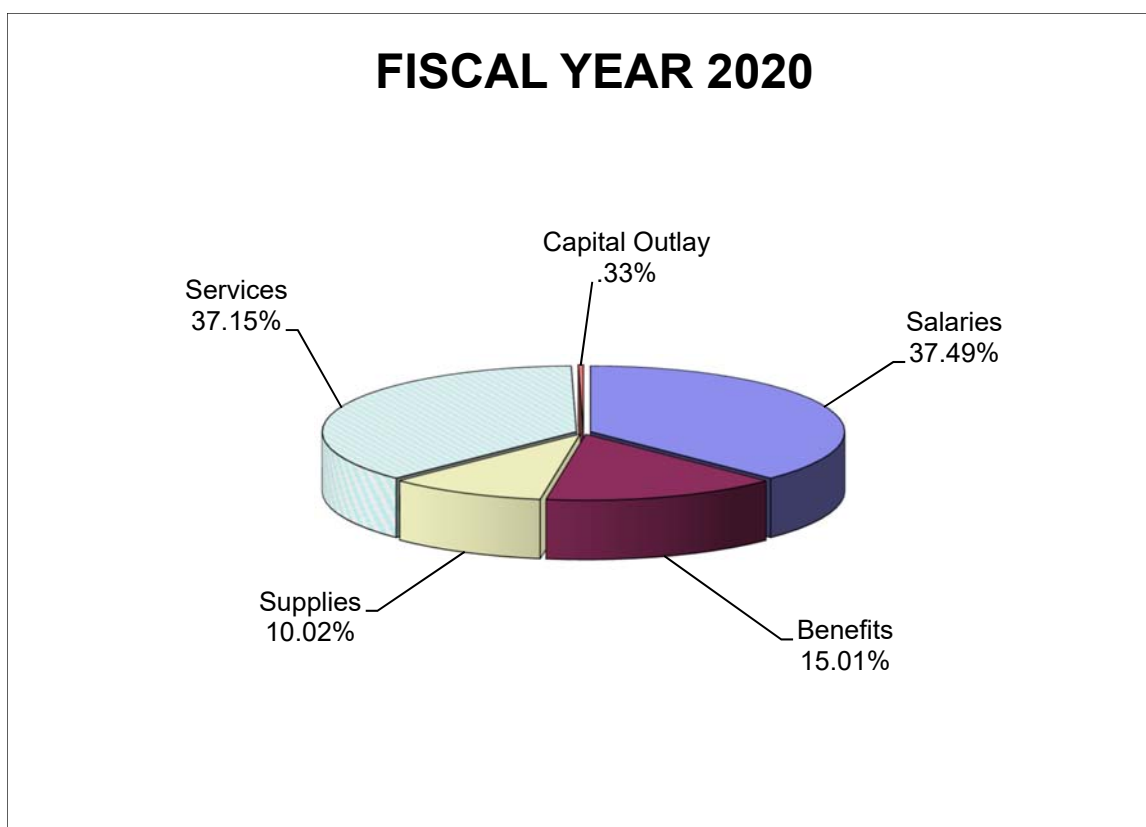


A comparison of expenditures by division for fiscal years ending December 31, 2019, and 2020 is as follows:

**Spokane Regional Health District**  
**Annual Report - Management's Discussion and Analysis**  
**For the Fiscal Year Ended December 31, 2020**



The following chart shows expenditures by object for the fiscal year ended December 31, 2020:

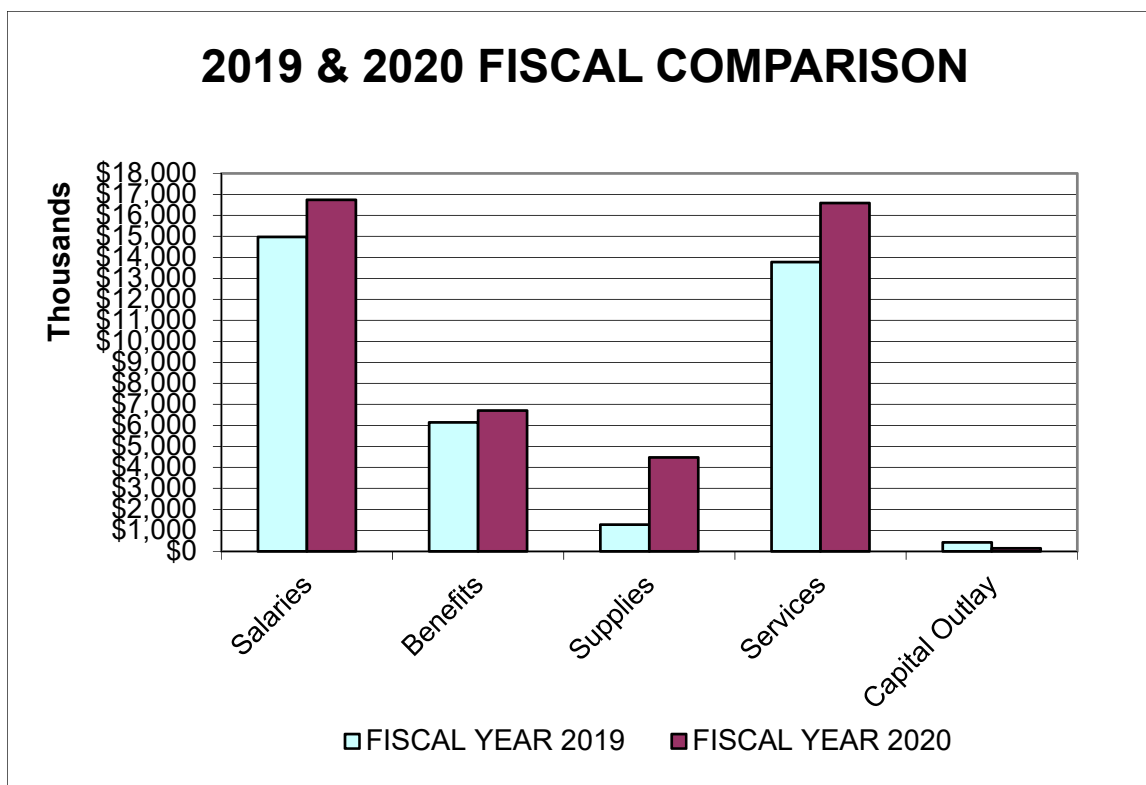


# Spokane Regional Health District

## Annual Report - Management's Discussion and Analysis

### For the Fiscal Year Ended December 31, 2020

A comparison of expenditures by object for fiscal years ending December 31, 2019, and 2020 is as follows:



#### *Budget Variances in the General Fund*

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

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

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

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

**Spokane Regional Health District**  
**Annual Report - Management's Discussion and Analysis**  
**For the Fiscal Year Ended December 31, 2020**

A condensed summary of SRHD's 2020 original and final budget is presented below along with 2020 actual and a calculated variance with the final budget (in thousands):

	Original Budget	Final Budget	Actual Amounts	Variance Over (Under) Final Budget
General Fund Balance, January 1	\$6,208	\$6,208	\$12,295	\$6,087
Resources / Revenues	38,360	49,151	47,398	(1,753)
Appropriations / Expenditures	39,210	50,001	44,651	(5,350)
General Fund Balance, December 31	\$5,358	\$5,358	\$15,042	\$9,684

*Other Potentially Significant Matters*

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

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

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

**Spokane Regional Health District**  
**Statement of Net Position**  
**December 31, 2020**

	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 8,777,659
Receivables (net)	13,339,473
Inventories	11,000
Capital Assets not being depreciated:	
Land	400,500
Capital Assets net of accumulated depreciation:	
Buildings & Structures	7,172,065
Leasehold Improvements	1,812,118
Machinery and Equipment	463,069
Software	-
Total Capital Assets	9,847,752
Total Assets	<b>\$ 31,975,884</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Outflows Related to Pensions	2,014,622
Deferred Outflows Related to OPEB	1,710,660
Total Deferred Outflows of Resources	<b>3,725,282</b>
<b>LIABILITIES</b>	
Accounts Payable	4,444,596
Due To Other Governmental Units	218,461
Accrued Employee Benefits	1,103,541
Employee Flex Spending Withholding Payable	30,093
OPEB Liability - Due in less than one year	97,683
Noncurrent Liabilities:	
Accrued Employee Vacation, Sick, & Comp Time	1,312,400
Net Pension Liability	5,200,392
OPEB Liability - Due in more than one year	9,587,660
Total Liabilities	<b>21,994,826</b>
<b>DEFERRED INFLOWS of RESOURCES</b>	
Advance payments of permit fee/grants paid in advance	1,289,169
Deferred Inflows Related to Pensions	1,636,875
Deferred Inflows Related to OPEB	2,139,273
Total Deferred Inflows of Resources	<b>5,065,317</b>
<b>NET POSITION</b>	
Net Investment In capital assets	9,847,752
Unrestricted (Deficit)	(1,206,729)
Total Net Position	<b>\$ 8,641,024</b>

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

**Spokane Regional Health District**  
**Statement of Activities**  
**Year Ended December 31, 2020**

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenues			Net Revenue (Expense) & Changes In Net Position
			Charges For Services	Capital Grants & Contributions	Operating Grants & Contributions	
Treatment Services	4,570,259	801,470	6,255,610	192	537,412	1,421,485
Environmental Public Health	3,383,635	537,028	3,133,665	-	264,024	(522,974)
PPH-Community Health	15,977,069	- 1,340,731	2,308	-	16,739,005	(576,488)
PPH-Disease Prevention & Response	12,964,821	- 1,461,587	347,448	-	13,602,834	(476,126)
Administration	7,360,869	(4,140,815)	399,293	-	209,236	(2,611,525)
<b>Total Functions</b>	<b>\$ 44,256,654</b>	<b>\$ -</b>	<b>\$ 10,138,323</b>	<b>\$ 192</b>	<b>\$ 31,352,511</b>	<b>(2,765,628)</b>

<b>General Revenues:</b>	
State Funded Local Government Assistance	3,631,635
County Assessment	2,085,159
Interest	190,588
<b>Total General Revenues</b>	<b>5,907,381</b>
<b>Changes In Net Position</b>	<b>3,141,753</b>
<b>Net Position - Beginning</b>	<b>5,499,273</b>
<b>Net Position - Ending</b>	<b>\$ 8,641,024</b>

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

**Spokane Regional Health District**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2020**

	General Fund
<b>ASSETS and OUTFLOWS of RESOURCES</b>	
Cash & Cash Equivalents	8,729,252
Employee Flex Fund	30,093
Imprest Cash Funds	18,315
Receivables, Net	436,746
Due from Other Governments	12,902,727
Inventories:	
US Postal Fund	11,000
<b>Total Assets and Deferred Outflows of Resources</b>	<b>22,128,132</b>
<b>LIABILITIES, DEFERRED INFLOWS of RESOURCES and FUND BALANCES</b>	
<b>Liabilities:</b>	
Accrued Employee Benefits	1,103,541
Accounts Payable	4,444,596
Due to Other Governments	218,461
Employee Flex Fund	30,093
<b>Total Liabilities</b>	<b>5,796,691</b>
<b>Deferred Inflows of Resources</b>	<b>1,289,169</b>
<b>Fund Balances:</b>	
Committed Fund Balance	1,000,000
Unassigned Fund Balance	12,543,974
Assigned Fund Balance	1,498,299
<b>Total Fund Balances</b>	<b>15,042,272</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 22,128,132</b>

**Reconciliation to the Statement of Net Position:**

Total Fund Balances, per above	<b>\$ 15,042,272</b>
Amounts reported in the above Balance Sheet differ from amounts reported in the Statement of Net Position by the following items:	
Capital Assets, not reported in the funds	9,847,752
Deferred outflows pertaining to pension activity, not reported in the funds	2,014,622
Deferred inflows pertaining to pension activity, not reported in the funds	(1,636,875)
Deferred outflows pertaining to OPEB activities, not reported in the funds	1,710,660
Deferred inflows pertaining to OPEB activities, not reported in the funds	(2,139,273)
Liabilities for compensated absences due and payable later than the end of the current period, not reported in the funds	(1,312,400)
Liabilities for other post employee benefits (OPEB) due and payable later than the current period, not reported in the funds	(9,685,343)
Liabilities for pensions due and payable later than the end of the current period, not reported in the funds	(5,200,392)
<b>Total Net Position, per Statement of Net Position</b>	<b><u>8,641,024</u></b>

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

**Spokane Regional Health District**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**Year Ended December 31, 2020**

	GENERAL FUND
<b>REVENUES</b>	
Licenses and Permits	2,398,867
Federal Grants	18,694,353
State Grants	12,303,051
Intergovernmental Revenues	3,631,635
Interlocal Grants, Entitlements, Impact Payments	2,276,859
Charges For Goods And Services	7,739,401
Miscellaneous	354,242
<b>Total Revenues</b>	<b>47,398,407</b>
<b>EXPENDITURES</b>	
Current:	
Administration	2,856,601
Treatment Services	5,448,109
Environmental Public Health	4,025,470
PPH - Community Health	17,587,178
PPH - Disease Prevention and Response	14,586,903
Capital Outlay	146,431
<b>Total Expenditures</b>	<b>44,650,692</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>2,747,715</b>
<b>Net Change in Fund Balance</b>	<b>2,747,715</b>
<b>Fund Balance - Beginning</b>	<b>12,294,557</b>
<b>Fund Balance - Ending</b>	<b>15,042,272</b>

**Reconciliation to the Statement of Activities:**

<b>Net change in fund balance, per above</b>	<b>2,747,715</b>
Purchase of capital assets expensed on fund statements which are capitalized on government-wide statements	146,431
Depreciation expensed on government-wide statements	(547,140)
Decrease (increase) to the liability for compensated absences	(154,975)
Decrease (increase) to the liability for pensions	1,858,105
Decrease (increase) to the liability for OPEB obligation	(908,382)
<b>Change in net position - per Statement of Net Activities</b>	<b>\$ 3,141,754</b>

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

**Spokane Regional Health District**  
**Reconciliation**  
**Balance Sheet/Statement of Net Position**  
**December 31, 2020**

	General Fund Totals	Long-Term Assets, Liabilities	Statement of Net Position Totals
<b>ASSETS</b>			
Cash & Cash Equivalents	\$ 8,729,252		\$ 8,777,659
Employee Flex Fund	30,093		
Imprest Cash Funds	18,315		
Receivables (net)	436,746		13,339,473
Due from Other Governments	12,902,727		
Inventories	11,000		11,000
Capital Assets not being depreciated:			
Land		400,500	400,500
Capital Assets net of accumulated depreciation:			
Buildings & Structures		7,172,065	7,172,065
Leasehold Improvements		1,812,118	1,812,118
Machinery and Equipment		463,069	463,069
Software		-	-
Total Capital Assets		9,847,752	9,847,752
<b>Total Assets</b>	<b>22,128,132</b>	<b>9,847,752</b>	<b>31,975,884</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions		2,014,622	2,014,622
Deferred Outflows Related to OPEB		1,710,660	1,710,660
Total Assets & Deferred Outflows	\$ 22,128,132	\$ 13,573,034	\$ 35,701,166
<b>LIABILITIES</b>			
Accounts Payable	\$ 4,444,596		\$ 4,444,596
Due To Other Governmental Units	218,461		218,461
Accrued Employee Benefits	1,103,541		1,103,541
Employee Flex Spending Withholding Payable	30,093		30,093
OPEB Liability - Due in less than one year			97,683
Accrued Employee Vacation & Sick		1,312,400	1,312,400
Net Pension Liability		5,200,392	5,200,392
Total OPEB Liability		9,587,660	9,587,660
<b>Total Liabilities</b>	<b>5,796,691</b>	<b>16,100,452</b>	<b>21,994,826</b>
<b>DEFERRED INFLOWS of RESOURCES</b>			
Advance payments of permit fee/grants paid in advance	1,289,169		1,289,169
Deferred Inflows Related to Pensions		1,636,875	1,636,875
Deferred Inflows Related to OPEB*		2,139,273	2,139,273
<b>Total Deferred Inflows of Resources</b>	<b>1,289,169</b>	<b>3,776,148</b>	<b>5,065,317</b>
<b>FUND BALANCES/NET POSITION</b>			
Total Fund Balances/Net Position	15,042,272	(6,303,566)	8,641,024
<b>Total Liabilities and Fund Balances/Net Position</b>	<b>\$ 22,128,132</b>	<b>\$ 13,573,034</b>	<b>\$ 35,701,166</b>

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

**Spokane Regional Health District**  
**Notes to Financial Statements**  
**January 1, 2020 to December 31, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

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

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

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

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

**C. Measurement Focus, Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**Spokane Regional Health District**  
**Notes to Financial Statements**  
**January 1, 2020 to December 31, 2020**

Licenses and interest associated within the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the district.

**D. Budgetary Information**

1. Scope of Budget

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

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

Encumbrances accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservation of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

2. Procedures for Adopting the Original Budget

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

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

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

3. Amending the Budget

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

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

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

# Spokane Regional Health District

## Notes to Financial Statements

### January 1, 2020 to December 31, 2020

The Board of Health is presented with a resolution to amend the total revenues and appropriations to the District's budget on a quarterly basis, when needed. Material budget amendments for 2020 are as follows:

	<u>Revenue Increase</u>	<u>Expense Increase</u>
Resolution 20-15	\$ 10,791,336	\$ 10,791,336

#### 4. Excess of Expenditures Over Appropriations

The District's 2020 original budget of \$39,210,125 included a fund balance decrease of \$703,664. The District's actual expenses of \$44,650,692 and actual revenues of \$47,398,407 resulted in a \$2,747,715 actual fund balance increase. One division exceeded their individual budget level.

#### 5. Other Postemployment Benefits Other Than Pensions (OPEB)

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

### E. **Assets, Liabilities, Fund Balance and Net Position**

#### 1. Cash and Cash Equivalents

It is the District's policy to invest all temporary cash surpluses. On December 31, 2020, the treasurer was holding \$8,759,344 in short-term residual investments of surplus cash. This amount is classified on the balance sheet as cash and cash equivalents and employee flex fund. The interest on these investments is credited to the general fund. Of this amount, however, \$379,860 is unearned 2021 permit revenue for the Environmental Public Health Division and \$909,309 represents grants paid in advance for several projects that are ongoing until the full award has been spent. For purposes of these statements, the District considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

#### 2. Receivables

The Health District provides client services that are provided on a fee for service basis. The receivable for client accounts has been recorded in the District's financial statements net of the estimated uncollectible amounts. Estimated uncollectible receivable for client accounts on December 31, 2020 was \$8,865. For 2020, the public health assistance funding received 1/31/21 from the State of Washington was reported as a receivable in the amount of \$1,438,659. There was no change to the amount of funding received from the State of Washington. Reporting the 1/31/21 payment as a 2020 receivable is to ensure the District is in compliance with our accrual basis of reporting.

#### 3. Amounts Due to and from Other Governmental Units

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

**Spokane Regional Health District**  
**Notes to Financial Statements**  
**January 1, 2020 to December 31, 2020**

4. Capital Assets (See Note 5 - Capital Assets and Depreciation)

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition valued at the date of donation.

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

The costs for normal maintenance and repairs are not capitalized.

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

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

5. Investments (See Note 4 - Deposits and Investments)

6. Compensated Absences

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

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

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

The liability for vacation leave on December 31, 2020 is \$1,006,851.

The liability for vested sick leave on December 31, 2020 is \$265,624.

The liability for compensated absences on December 31, 2020 is \$39,925.

**Spokane Regional Health District**  
**Notes to Financial Statements**  
**January 1, 2020 to December 31, 2020**

7. Fund Balance

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

Nonspendable These are amounts that are not in a form that can be spent, or according to law or contract cannot be spent. Items such as inventories, prepaid amounts, and long-term notes receivables.

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

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

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

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

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

Unassigned This is the amount remaining in the fund after classifying amounts as nonspendable, restricted, committed, or assigned. Unassigned amounts are technically available for any purpose. The General Fund is the only fund that will have a positive unassigned fund balance.

8. Fund Balance Classifications

For committed fund balance, the highest level of decision-making authority is the Board of Health. Commitments represent formal actions taken by the Board of Health to commit funds for specific purposes. Funds that have been committed cannot be used for another purpose unless the Board of Health passes a resolution to end the commitment. The committed fund balance is Board directed for public health emergency response. On 4/30/2020, the Board of Health adopted resolution 20-03, authorizing the use of \$500,000 of the committed fund balance for COVID-19 pandemic response related expenditures. The committed fund balance on December 31, 2020 is \$1,000,000.

The assigned fund balance is management's intention to use the funds for a specific purpose in the future. The assigned fund balance includes funds for building improvements, as well as for technology and the data center. The assigned fund balance also includes any surplus from prior year permit revenue in the Environmental Public Health division. The assigned fund balance on December 31, 2020 is \$1,498,299.

**Spokane Regional Health District**  
**Notes to Financial Statements**  
**January 1, 2020 to December 31, 2020**

9. Pensions

For purposes of measuring the net pension liability or asset, 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.

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

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

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

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

	Cost	Accum. Depr	Net
Land	\$ 401		\$ 401
Buildings and Structures	8,059	886	7,173
Leasehold Improvements	2,772	960	1,812
Machinery & Equipment	4,611	4,149	462
Software	78	78	-
Total	<u>\$ 15,921</u>	<u>\$ 6,073</u>	<u>\$ 9,848</u>

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

	Amount
Accrued Leave	\$ 1,312
Total	<u>\$ 1,312</u>

**Spokane Regional Health District**  
**Notes to Financial Statements**  
**January 1, 2020 to December 31, 2020**

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

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

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

	Amount	
Computer Equipment	\$ 6,581	
Leasehold Improvements	139,850	
Total	\$ 146,431	

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

	Amount
Administration	\$ 24
Treatment Services	\$ 60
Environmental Public Health	\$ 30
PPH-Community Health	\$ (72)
PPH-Disease Prevention & Response	\$ 113
Total	<u>\$ 155</u>

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

	Amount
Administration	\$ 519
Treatment Services	25
Environmental Public Health	-
PPH-Community Health	3
PPH-Disease Prevention & Response	-
Total	<u>\$ 547</u>

**NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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

**Spokane Regional Health District**  
**Notes to Financial Statements**  
**January 1, 2020 to December 31, 2020**

**NOTE 4 - DEPOSITS AND INVESTMENTS**

A. Deposits

Cash on hand on December 31, 2020 was \$8,777,659. The carrying amount of the District's deposits, including certificates of deposit, was \$165,350 and the operating bank balance was \$8,593,994.

Custodial Credit Risk

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

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

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

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

As of December 31, 2020, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Effective Duration</u>	<u>Weighted-Average Maturity</u>
Spokane County Investment Pool	\$8,854,821	1.07 years	1.10 years

The Net Asset Value per Share of the Pool as of 12/31/20 is 1.0109. The amount of cash the District had in the Pool as of 12/31/20 is \$8,759,344.

B. Investments

Investments are subject to the following risks.

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

**Interest Rate Risk.** As of December 31, 2020, the Pool's average duration was 1.07 years. As a means of limiting its exposure to rising interest rates, securities purchased in the Pool must have a final maturity, or weighted average maturity, no longer than two and one-half years. The weighted-average maturity of SCIP on 12/31/20 was 1.10 years. While the Pool's market value is calculated monthly, unrealized gains and losses are not distributed to participants. The Pool distributes earnings monthly using an amortized cost methodology.

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

# **Spokane Regional Health District**

## **Notes to Financial Statements**

### **January 1, 2020 to December 31, 2020**

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

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributable to the magnitude of an investment in a single issuer. The District does not have a formal policy for concentration of credit risk.

**Credit Risk.** As of December 31, 2020, the District's investments in the Pool were not rated by a nationally recognized statistical rating organization (NRSRO). In compliance with state statutes, the SCIP Investment Policy authorizes investments in the U.S. Treasury securities, U.S. agency securities, supranational institution obligations, municipal securities, certificates of deposits or bank deposits of qualified public depositories, repurchase agreements, corporate notes, commercial paper, Direct District Notes and the Local Government Investment Pool managed by the Washington State Treasurer's office.

Investments in Spokane County Investment Pool (SCIP)

The District is a participant in the Spokane County investment pool, an external investment pool operated by the County Treasurer. The pool is not rated or registered with the SEC. Rather, oversight is provided by the County Finance Committee in accordance with RCW 36.48.070. The District reports its investments in the Pool at the fair value amount, which is the same as the value of the Pool per share. The responsibility for managing the pool resides with the County Treasurer. The Pool is established from the RCW 36.29 which authorizes the County Treasurer to invest the funds of participants.

## **NOTE 5 - CAPITAL ASSETS AND DEPRECIATION**

### **A. General Policies**

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

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

**Spokane Regional Health District**  
**Notes to Financial Statements**  
**January 1, 2020 to December 31, 2020**

**B. Capital Asset Activity**

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

	Beginning Balance 1/01/20	Increases	Decreases	Ending Balance 12/31/20
<b>Governmental Activities</b>				
Capital assets not depreciated:				
Land	\$ 400,500	\$ -		\$ 400,500
Capital assets being depreciated:				
Building and Structures	\$ 8,058,500	\$ -		8,058,500
Operating Equipment	3,505,939	-		3,505,939
Computer Equipment	1,005,694	6,581		1,012,274
Vehicles	79,353	-		79,353
Furniture	13,883	-		13,883
Software	78,275	-		78,275
Leasehold Improvements	2,632,210	139,850		2,772,060
<b>Total Capital Assets</b>	<b>\$ 15,774,353</b>	<b>\$ 146,431</b>	<b>\$ -</b>	<b>\$ 15,920,784</b>
Less Accumulated Depreciation:				
Building and Structures	\$ 725,265	\$ 161,170	\$ -	886,435
Operating Equipment	2,708,662	271,147	-	2,979,809
Computer Equipment	1,040,439	22,361	-	1,062,800
Vehicles	84,289	-	-	84,289
Furniture	21,482	-	-	21,482
Software	78,275	-	-	78,275
Leasehold Improvements	867,480	92,462	-	959,942
<b>Total Accumulated Depreciation</b>	<b>\$ 5,525,892</b>	<b>\$ 547,140</b>	<b>\$ -</b>	<b>\$ 6,073,032</b>
<b>Net Capital Assets</b>	<b>\$ 10,248,461</b>	<b>\$ (400,709)</b>	<b>\$ -</b>	<b>\$ 9,847,752</b>

**C. Depreciation**

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

<u>Governmental Activities:</u>	<u>Amount</u>
Administration	\$ 519,070
Treatment Services	25,115
Environmental Public Health	-
PPH-Community Health	2,955
PPH-Disease Prevention & Response	-
<b>Total</b>	<b>\$ 547,140</b>

**Spokane Regional Health District**  
**Notes to Financial Statements**  
**January 1, 2020 to December 31, 2020**

**NOTE 6 – PENSION PLANS**

The following table represents the aggregate pension amounts for all plans for the year 2020:

<b>Aggregate Pension Amounts – All Plans</b>	
Pension Liabilities	\$ 5,200,392
Pension Assets	\$
Deferred Outflows of Resources	\$ 2,014,622
Deferred Inflows of Resources	\$ 1,636,875
Pension Expense/Expenditures	\$ 136,539

**State Sponsored Pension Plans**

Substantially all District's full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

Department of Retirement Systems  
Communications Unit  
P.O. Box 48380  
Olympia, WA 98540-8380

Or the DRS CAFR may be downloaded from the DRS website at [www.drs.wa.gov](http://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.

# Spokane Regional Health District

## Notes to Financial Statements

### January 1, 2020 to December 31, 2020

#### Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 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%	
<b>Total</b>	<b>12.86%</b>	<b>6.00%</b>
September – December 2020:		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
<b>Total</b>	<b>12.97%</b>	<b>6.00%</b>

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

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

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

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

**PERS Plan 3** defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a

# Spokane Regional Health District

## Notes to Financial Statements

### January 1, 2020 to December 31, 2020

choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

#### Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 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
<b>Total</b>	<b>12.86%</b>	<b>7.41%</b>
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
<b>Total</b>	<b>12.97%</b>	<b>7.90%</b>

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

The *District's* actual PERS plan contributions were \$757,754 to PERS Plan 1 and \$1,236,890 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:** 2.75% total economic inflation; 3.50% salary inflation
- **Salary increases:** In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.4%

Mortality rates were 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

# **Spokane Regional Health District**

## **Notes to Financial Statements**

### **January 1, 2020 to December 31, 2020**

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](http://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 2019 and will project them into the future using assumptions until the next Demographic Experience Study in 2025. See [leg.wa.gov/osa](http://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 percent.

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 percent was used to determine the total liability.

#### **Long-Term Expected Rate of Return**

The long-term expected rate of return on DRS pension plan investments of 7.4 percent was determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (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 at 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 percent and represents WSIB's most recent long-term estimate of broad economic inflation.

**Spokane Regional Health District**  
**Notes to Financial Statements**  
**January 1, 2020 to December 31, 2020**

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%
	<b>100%</b>	

**Sensitivity of the Net Pension Liability/(Asset)**

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

Pension Plan	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	\$ 4,455,988	\$ 3,557,513	\$ 2,773,951
PERS 2/3	\$ 10,222,433	\$ 1,642,879	\$ (5,422,389)

**Pension Plan Fiduciary Net Position**

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

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

On June 30, 2020, the District reported a total pension liability of \$5,200,392 for its proportionate share of the net pension liabilities as follows:

Pension Plan	Liability or (Asset)
PERS 1	\$ 3,557,513
PERS 2/3	\$ 1,642,879

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

Pension Plan	Proportionate Share 6/30/19	Proportionate Share 6/30/20	Change in Proportion
PERS 1	0.106769 %	0.100764 %	-0.006005%
PERS 2/3	0.134520 %	0.128456 %	-0.006064%

# Spokane Regional Health District

## Notes to Financial Statements

### January 1, 2020 to December 31, 2020

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

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2020. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2020, the state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2020, the state of Washington contributed 39 percent of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 61 percent of employer contributions.

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 Plan	Pension Expense
PERS 1	\$ (72,329)
PERS 2/3	\$ 208,869
TOTAL	\$ 136,539

#### Deferred Outflows of Resources and Deferred Inflows of Resources

On 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
Differences between expected and actual experience	\$	\$
Net difference between projected and actual investment earnings on pension plan investments	\$	\$ 19,807
Changes of assumptions	\$	\$
Changes in proportion and differences between contributions and proportionate share of contributions	\$	\$
Contributions subsequent to the measurement date	\$ 391,066	\$
TOTAL	\$ 391,066	\$ 19,807

**Spokane Regional Health District**  
**Notes to Financial Statements**  
**January 1, 2020 to December 31, 2020**

<b>PERS 2/3</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 588,127	\$ 205,892
Net difference between projected and actual investment earnings on pension plan investments	\$	\$ 83,435
Changes of assumptions	\$ 23,399	\$ 1,122,229
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 375,312	\$ 205,513
Contributions subsequent to the measurement date	\$ 636,718	\$
<b>TOTAL</b>	<b>\$ 1,623,556</b>	<b>\$ 1,617,068</b>

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:

<b>Amortization of Other Deferred Outflows and Inflows</b>		
<b>Year</b>	<b>PERS1</b>	<b>PERS2/3</b>
2021	(89,884)	(644,579)
		(125,831)
2022	(2,827)	
2023	27,426	66,318
2024	45,478	198,587
2025		(28,542)
Thereafter		(96,183)
<b>Total (DI)/DO</b>	<b>(19,807)</b>	<b>(630,230)</b>

**NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of the Statement No. 75 of the Governmental Accounting Standards Board (GASB) Accounting and Financial Reporting for Postemployment Benefits Other Than Pension for the year 2020:

<b>Aggregate OPEB Amounts - All Plans</b>	
OPEB Liabilities	\$ 9,685,343
OPEB Assets	-
Deferred Outflows of Resources	1,710,660
Deferred Inflows of Resources	(2,139,273)
OPEB Expense/Expenditures	998,071

# **Spokane Regional Health District**

## **Notes to Financial Statements**

### **January 1, 2020 to December 31, 2020**

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

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

The relationship between the PEBB OPEB plan and its member employers and their employees and retirees is not formalized in a contract or plan document. Rather, the benefits are provided in accordance with a substantive plan. A substantive plan is one in which the plan terms are understood by the employers and plan members. This understanding is based on communications between the HCA, employers and plan members, and the historical pattern of practice with regard to the sharing of benefit costs.

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

#### **Plan Description**

The Spokane Regional Health District Health Plan (the Health Plan) is a single employer defined benefit healthcare plan administered by the District. Retirees choose plans from those offered by the Public Employees Benefits Board (PEBB), administered by the Washington State Health Care Authority (HCA). The Health Plan provides access to PEBB's medical plans and a cash subsidy for retirees eligible for Medicare. The OPEB liability is based on 50% of the Medicare premium rate, increased at the trend rates indicated in the assumptions, up to a maximum of \$183 per retiree per month. The implicit subsidy is based on age-rated claim costs compared to the premiums charged, both increased at trend. There are no automatic benefit changes nor ad hoc cost of living adjustments (COLAs). The Health Plan's actuary is Healthcare Actuaries.

#### **Eligibility**

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

#### **Summary of Benefits**

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

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

Per RCW 41.05.022, retirees who are not yet eligible for Medicare benefits may continue to participate in the State's non-Medicare community-related health insurance risk pool on a self-pay basis, and receive an implicit subsidy. The implicit subsidy exists because retired members pay a premium based on a claims

# Spokane Regional Health District

## Notes to Financial Statements

### January 1, 2020 to December 31, 2020

experience for active employees and other non-Medicare retirees. The subsidy is valued using the difference between the age-based claims cost and the premium paid by retirees.

#### Benefits Provided

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

#### Employees Covered by benefit terms

At December 31, 2019 (the census date), the benefit terms covered the following employees:

<b>Category</b>	
Inactive employees, spouses, or beneficiaries currently receiving benefit payments:	42
Inactive employees entitled to but not yet receiving benefit payments:	0
Active employees:	239
<b>Total</b>	<b>281</b>

#### Funding Policy

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

#### Payment Authority

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

#### Financial Report

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

#### Contributions

The Spokane Regional Health District pays its portion of benefits for the retiree's healthcare costs as they come due. The District pays benefits through an explicit subsidy included with active employee premiums. The reporting period contributions were \$89,689 including explicit and implicit subsidy credit.

#### Total OPEB Liability

The District's total OPEB liability was valued as of December 31, 2019, and was used to calculate the net liability measured as of December 31, 2020.

#### Actuarial Assumptions

The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

**Spokane Regional Health District**  
**Notes to Financial Statements**  
**January 1, 2020 to December 31, 2020**

Measurement Date:	December 31, 2019	December 31, 2020	
Discount Rate	2.75%	2.00%	
Inflation	2.50%	2.50%	
Healthcare Cost Trend Rates			
Pre-Medicare	7.00%	6.30%	*
Medicare	7.40%	5.80%	*
Salary Increases	3.50%	3.50%	**
Mortality Rates	Based on SOA Tables.		

- Projections of the sharing of benefit-related costs are based on an established pattern of practice.
- Experience studies come from the State of Washington 2018 Study.
- Inactive employees (retirees) pay 100% of the cost of benefits Pre-Medicare and 50% of the cost of benefit while on Medicare.
- There were no ad hoc postemployment benefit changes (including ad hoc COLAs) to the Plan.

\*Trending down to 4.40% over 54 years. Applies to calendar years.

\*\*Additional merit-based increases based on State of Washington merit salary increase tables.

Discount Rate

The discount rate is used to measure the total OPEB liability was 2.00%. The District's OPEB Plan is an unfunded plan, therefore the discount rate was set to the rate of tax-exempt, high-quality 20-year municipal bonds, as of the valuation date.

Changes in the Total/Net OPEB Liability

	Total/Net OPEB Liability
Balance as of Report Date December 31, 2019	\$10,001,663
Changes for the year:	
Service Cost	744,449
Interest	294,284
Changes of Benefit Terms	
Differences Between Expected and Actual Experience	
Changes of Assumptions	(1,507,286)
Explicit Subsidy Credit	(83,243)
Implicit Subsidy Credit	(6,446)
Net Changes	(316,320)
Balance as of Report Date December 31, 2020	<u>\$9,685,343</u>

Sensitivity of the Liability to Changes in the Discount Rate and Healthcare Cost Trend Rate

Sensitivity of the net OPEB liability to changes in the discount rate. The net OPEB liability of the District, as well as what the District's new OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.00%) or one percentage point higher (3.00%) follows:

**Spokane Regional Health District**  
**Notes to Financial Statements**  
**January 1, 2020 to December 31, 2020**

	1% Decrease	Discount Rate	1% Increase
	1.00%	2.00%	3.00%
Total OPEB Liability (Asset)	\$ 11,737,436	\$ 9,685,343	\$ 7,753,519
Increase (Decrease)	2,052,093		(1,931,824)
	21.2%		-19.9%

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The healthcare trend for this valuation started at 6.30% and decreased to 4.40% over 54 years. The OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.30%) or one percentage point higher (7.30%) than current healthcare cost trend rates follows:

	1% Decrease	Trend Rate	1% Increase
	5.30%	6.30%	7.30%
Total OPEB Liability (Asset)	\$ 7,473,950	\$ 9,685,343	\$ 12,248,842
Increase (Decrease)	(2,211,393)		2,563,499
	-22.8%		26.5%

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

For the year ended December 31, 2020, the District recognized an OPEB expense of \$998,071. The District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Actual and Expected Experience	\$ 285,473	
Changes of Assumptions	\$ 1,425,187	\$ (2,139,273)
Contributions Subsequent to the Measurement	\$ -	\$ -
Total	\$ 1,710,660	\$ (2,139,273)

**Spokane Regional Health District**  
**Notes to Financial Statements**  
**January 1, 2020 to December 31, 2020**

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

Report Year Ending December 31:	Amount
2021	(40,662)
2022	(40,662)
2023	(40,662)
2024	(40,662)
2025	(40,662)
Remaining	(225,303)

Current Liability

	Amount
Current OPEB Liability	\$ 97,683
Non-Current OPEB Liability	\$ 9,587,660
Total OPEB Liability	\$ 9,685,343

Expected Average Remaining Service Lives (EARSL)

The effects on the total OPEB liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in the OPEB expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the OPEB plan (active employees and inactive employees), beginning in the current period. The expected average remaining service lives (EARSL) for the current period follows:

EARSL: 10.2 year

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

**NOTE 8 – CHANGES IN LONG-TERM LIABILITIES**

During the year ended December 31, 2020, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance
<b>Pension Liability</b>	\$ 5,412,294		\$ (211,902)	\$ 5,200,392
<b>Net OPEB Obligation</b>	9,911,974		(324,314)	9,587,660
<b>Compensated Absences</b>	1,157,425	\$ 154,975		1,312,400
<b>Total Long Term Liabilities</b>	<b>\$ 16,481,693</b>	<b>\$ 154,975</b>	<b>\$ (536,216)</b>	<b>\$ 16,100,452</b>

# **Spokane Regional Health District**

## **Notes to Financial Statements**

### **January 1, 2020 to December 31, 2020**

#### **NOTE 9 - RISK MANAGEMENT**

Spokane Regional Health District is a member of Enduris. Chapter 48.62 RCW provides the exclusive source of local government entity authority to individually or jointly self-insure risks, jointly purchase insurance or reinsurance, and to contract for risk management, claims, and administrative services. The Pool was formed July 10, 1987 pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW when two counties and two cities in the State of Washington joined together by signing an interlocal governmental agreement to fund their self-insured losses and jointly purchase insurance and administrative services. As of August 31, 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 \$10,000 of the amount of each claim, while Enduris is responsible for the remaining \$240,000 on a property loss.

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

The District is also reimbursable for unemployment compensation, which is considered self-insurance. The total amount for 2020 was \$22,284 paid to the State Employment Security Department for verified claims.

**Spokane Regional Health District**  
**Notes to Financial Statements**  
**January 1, 2020 to December 31, 2020**

**NOTE 10 - CONTINGENCIES AND LITIGATIONS**

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

The Health District participates in a number of federal- and state-assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. Health District management believes that such disallowances, if any, will be immaterial.

**NOTE 11 - RECEIVABLE AND PAYABLE BALANCES**

**A. Receivables**

Receivables on December 31, 2020 were as follows:

	Amount
Client Service Accounts	\$ 886,527
Other Accounts	310,689
Due From Other Governments	12,142,257
Total	<u>\$ 13,339,473</u>

**B. Payables**

Payables on December 31, 2020 were as follows:

	Amount
Vendors	\$ 4,444,596
Salaries & Benefits	1,133,634
Due to Other Governments	218,461
Total	<u>\$ 5,796,691</u>

**NOTE 12 – COVID-19 PANDEMIC**

In February 2020, the Governor of the State of Washington declared a state of emergency in response to the spread of the deadly new virus known as COVID-19. In the months following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures included closing schools, cancelling public events, limiting public and private gatherings, and restricting business operations, travel, and non-essential activities.

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

The length of time these measures will continue to be in place, and the full extent of the financial impact on the District is unknown at this time.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**Spokane Regional Health District**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund**  
**Year Ended December 31, 2020**

	BUDGETED AMOUNTS		ACTUAL AMOUNT	FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Licenses and Permits	2,499,580	2,499,580	2,398,867	(100,713)
Federal Grants	8,728,153	19,519,489	18,694,352	(825,137)
State Grants	12,828,992	12,828,992	12,303,051	(525,941)
Intergovernmental Revenues	3,483,678	3,483,678	3,631,635	147,957
Interlocal Grants, Entitlements, Impact Payments	2,095,000	2,095,000	2,276,859	181,859
Charges For Goods And Services	8,529,717	8,529,717	7,739,401	(790,316)
Miscellaneous	195,000	195,000	354,242	159,242
<b>Total Revenues</b>	<b>38,360,120</b>	<b>49,151,456</b>	<b>47,398,407</b>	<b>(1,753,049)</b>
<b>EXPENDITURES</b>				
Current:				
Administration	2,306,451	2,306,451	2,856,600	550,150
Treatment Services	6,815,880	6,815,880	5,448,109	(1,367,771)
Environmental Public Health	4,352,657	4,352,657	4,025,470	(327,186)
PPH-Community Health	18,603,860	18,603,860	17,587,178	(1,016,681)
PPH-Disease Prevention and Response	7,041,278	17,832,614	14,586,903	(3,245,712)
Capital Outlay	90,000	90,000	146,431	56,431
<b>Total Expenditures</b>	<b>39,210,125</b>	<b>50,001,461</b>	<b>44,650,692</b>	<b>(5,350,770)</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(850,005)</b>	<b>(850,005)</b>	<b>2,747,715</b>	<b>3,597,720</b>
<b>Net Change in Fund Balance</b>	<b>(850,005)</b>	<b>(850,005)</b>	<b>2,747,715</b>	<b>3,597,720</b>
<b>Fund Balance - Beginning</b>	<b>6,208,362</b>	<b>6,208,362</b>	<b>12,294,557</b>	<b>11,497,837</b>
<b>Fund Balance - Ending</b>	<b>5,358,357</b>	<b>5,358,357</b>	<b>15,042,272</b>	<b>15,095,557</b>

**REQUIRED SUPPLEMENTARY INFORMATION**  
**Spokane Regional Health District**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**As of June 30, 2020**

	2020	2019	2018	2017	2016	2015
<b>PERS 1</b>						
SRHD's Proportion of the Net Pension Liability		.100764%	.106769%	.100046%	.09719%	.100433%
SRHD's Proportionate Share of the Net Pension Liability	\$	3,557,513	\$ 4,105,647	\$ 4,468,088	\$ 4,611,741	\$ 5,393,725
SRHD's Covered-Employee Payroll	\$	15,266,284	\$ 14,460,450	\$ 13,129,762	\$ 11,979,286	\$ 11,671,666
SRHD's Proportionate Share of the Net Pension Liability		23.30%	28.39%	34.03%	38.50%	46.21%
as a Percentage of its Covered Payroll		68.64%	67.12%	63.22%	61.24%	57.03%
Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability						
						59.10%
<b>PERS 2/3</b>						
SRHD's Proportion of the Net Pension Liability		.128456%	.13452%	.124425%	.122157%	.116122%
SRHD's Proportionate Share of the Net Pension Liability	\$	1,642,879	\$ 1,306,647	\$ 2,124,446	\$ 4,127,941	\$ 6,150,508
SRHD's Covered-Employee Payroll	\$	15,266,284	\$ 14,460,450	\$ 13,129,762	\$ 11,979,286	\$ 11,671,666
SRHD's Proportionate Share of the Net Pension Liability		10.76%	9.04%	16.18%	34.46%	52.70%
as a Percentage of its Covered Payroll		97.22%	97.77%	95.77%	90.97%	85.82%
Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability						89.20%

**REQUIRED SUPPLEMENTARY INFORMATION**  
**Spokane Regional Health District**  
**Schedule of District Contributions**  
**As of December 31, 2020**

	2020	2019	2018	2017	2016	2015
<b>PERS 1</b>						
Actuarially/statutorily/contractually determined contribution						
Actual contribution in relation to the above	\$ 757,754	\$ 736,907	\$ 711,409	\$ 623,952	\$ 574,477	\$ 516,937
Contribution deficiency (excess)	\$ 757,754	\$ 736,907	\$ 711,409	\$ 623,952	\$ 574,477	\$ 516,937
Covered employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a % of covered-employee payroll	\$ 15,717,808	\$ 14,548,748	\$ 14,163,774	\$ 12,499,324	\$ 11,674,274	\$ 11,489,345
	4.82%	5.07%	5.02%	4.99%	4.92%	4.50%
<b>PERS 2/3</b>						
Actuarially/statutorily/contractually determined contribution						
Actual contribution in relation to the above	\$ 1,236,890	\$ 1,142,782	\$ 1,053,547	\$ 858,653	\$ 730,267	\$ 655,235
Contribution deficiency (excess)	\$ 1,236,890	\$ 1,142,782	\$ 1,053,547	\$ 858,653	\$ 730,267	\$ 655,235
Covered employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a % of covered-employee payroll	\$ 15,717,808	\$ 14,548,748	\$ 14,163,774	\$ 12,499,324	\$ 11,674,274	\$ 11,489,345
	7.87%	7.85%	7.44%	6.87%	6.26%	5.70%

**REQUIRED SUPPLEMENTARY INFORMATION**

Spokane Regional Health District  
Schedule of Changes in Total OPEB Liability and Related Ratios  
Post-employment healthcare benefits  
For the year ended December 31, 2020  
Last 10 Fiscal Years\*

	2020	2019	2018
<b>Total OPEB liability - beginning</b>	\$ 10,001,663	\$ 7,423,452	\$ 7,775,234
Service cost	744,449	537,238	520,084
Interest	294,284	293,968	268,351
Changes in benefit terms	-	-	-
Differences between expected and actual experience	241,922	-	99,714
Changes of assumptions	(1,507,286)	1,821,073	(1,155,852)
Explicit Subsidy Credit	(83,243)	(64,751)	(74,736)
Implicit Subsidy Credit	(6,446)	(9,317)	(9,343)
Other changes	-	-	-
<b>Net change in total OPEB liability</b>	<b>(316,320)</b>	<b>2,578,211</b>	<b>(351,782)</b>
<b>Total OPEB liability - ending</b>	<b>9,685,343</b>	<b>10,001,663</b>	<b>7,423,452</b>
<b>Covered-employee payroll**</b>	<b>16,055,210</b>	<b>15,800,813</b>	<b>15,266,486</b>
<b>Total OPEB liability as a % of covered payroll</b>	<b>60.33%</b>	<b>63.30%</b>	<b>48.63%</b>

**Notes to Schedule:**

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

**Spokane Regional Health District**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2020**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
NATIONAL INSTITUTE OF FOOD AND AGRICULTURE, DEPARTMENT OF (via Washington State Department of Health)	Food Insecurity Nutrition Incentive Grants Program	10.331	CLH18262	1,420	-	1,420	-	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via Washington State Department of Health)	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	CLH18262	1,827,179	-	1,827,179	-	
<b>SNAP Cluster</b>								
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via Washington State Department of Social and Health Services)	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	2069-90865	1,492,936	-	1,492,936	1,042,765	
			<b>Total SNAP Cluster:</b>	<b>1,492,936</b>	-	<b>1,492,936</b>	1,042,765	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via Washington State Department of Health)	WIC Farmers' Market Nutrition Program (FMNP)	10.572	CLH18262	1,881	-	1,881	-	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Washington State Department of Health)	Housing Opportunities for Persons with AIDS	14.241	CLH18262	41,775	-	41,775	-	

*The accompanying notes are an integral part of this schedule.*

**Spokane Regional 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			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Washington State Department of Health)	COVID 19 - Housing Opportunities for Persons with AIDS	14.241	CLH18262	28,288	-	28,288	-	
<b>Total CFDA 14.241:</b>				<b>70,063</b>	-	<b>70,063</b>	-	
<b>Highway Planning and Construction Cluster</b>								
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via City of Spokane)	Highway Planning and Construction	20.205	2019-0991	88,616	-	88,616	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	LA-9663	40,572	-	40,572	-	
<b>Total Highway Planning and Construction Cluster:</b>				<b>129,188</b>	-	<b>129,188</b>	-	
<b>Transit Services Programs Cluster</b>								
FEDERAL TRANSIT ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Spokane Transit Authority)	Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	2018-10218	21,439	-	21,439	-	
<b>Total Transit Services Programs Cluster:</b>				<b>21,439</b>	-	<b>21,439</b>	-	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Washington State Department of Health)	COVID 19 - Coronavirus Relief Fund	21.019	CLH18262	2,230,310	-	2,230,310	-	

*The accompanying notes are an integral part of this schedule.*

**Spokane Regional 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			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Spokane County)	COVID 19 - Coronavirus Relief Fund	21.019	N/A	7,605,360	-	7,605,360	2,258,916	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Washington State Health Care Authority)	COVID 19 - Coronavirus Relief Fund	21.019	N/A	100,000	-	100,000	-	
<b>Total CFDA 21.019:</b>				<b>9,935,670</b>	<b>-</b>	<b>9,935,670</b>	<b>2,258,916</b>	
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via Washington State Department of Children, Youth & Families)	Special Education- Grants for Infants and Families	84.181	21-1143	588,614	-	588,614	-	
IMMED OFFICE OF THE SECRETARY OF HEALTH AND HUMAN SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via NACCHO)	Medical Reserve Corps Small Grant Program	93.008	MRC20- UNIT#0173	2,500	-	2,500	-	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	Public Health Emergency Preparedness	93.069	CLH18262	162,144	-	162,144	-	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	COVID 19 - Public Health Emergency Preparedness	93.069	CLH18262	255,344	-	255,344	-	

*The accompanying notes are an integral part of this schedule.*

**Spokane Regional 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			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
			Total CFDA 93.069:	417,488	-	417,488	-	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	CLH18262	17,583	-	17,583	-	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	Injury Prevention and Control Research and State and Community Based Programs	93.136	CLH18262	181,705	-	181,705	-	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via University of Washington)	Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	33890	45,001	-	45,001	-	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	Immunization Cooperative Agreements	93.268	CLH18262	70,321	-	70,321	-	4
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	Immunization Cooperative Agreements	93.268	CLH18262	106,150	-	106,150	-	

*The accompanying notes are an integral part of this schedule.*

**Spokane Regional Health District  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2020**

Federal Agency (Pass-Through Agency)	Federal Program	Expenditures					Passed through to Subrecipients	Note
		CFDA Number	Other Award Number	From Pass- Through Awards	From Direct Awards	Total		
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	COVID 19 - Immunization Cooperative Agreements	93.268	CLH18262	10,617	-	10,617	-	
		<b>Total CFDA 93.268:</b>			-	<b>187,088</b>	-	
NATIONAL INSTITUTES OF HEALTH, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Friends Research Institute)	Drug Abuse and Addiction Research Programs	93.279	1553	2,000	-	2,000	-	6
		93.297	N/A	49,951	-	49,951	-	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	PPHF 2018: Office of Smoking and Health- National State-Based Tobacco Control Programs-Financed in part by 2018 Prevention and Public Health funds (PPHF)	93.305	CLH18262	12,999	-	12,999	-	
		93.305	CLH18262	4,081	-	4,081	-	

*The accompanying notes are an integral part of this schedule.*

**Spokane Regional Health District**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2020**

Federal Agency (Pass-Through Agency)	Federal Program	Expenditures					Passed through to Subrecipients	Note
		CFDA Number	Other Award Number	From Pass- Through Awards	From Direct Awards	Total		
			Total CFDA 93.305:	17,080	-	17,080		
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	CLH18262	5,784	-	5,784	-	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	COVID 19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	CLH18262	63,654	-	63,654	-	
			<b>Total CFDA 93.323:</b>	<b>69,438</b>	<b>-</b>	<b>69,438</b>	<b>-</b>	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	COVID 19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	CLH18262	602,005	-	602,005	-	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	National and State Tobacco Control Program	93.387	CLH18262	16,797	-	16,797	-	

**Spokane Regional Health District**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2020**

Federal Agency (Pass-Through Agency)	Expenditures					Passed through to Subrecipients	Note
	Federal Program	CFDA Number	Other Award Number	From Pass- Through Awards	From Direct Awards	Total	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	93.426	CLH18262	93,842	-	93,842	-
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	Innovative State and Local Public Health Strategies to prevent and Manage Diabetes and Heart Disease and Stroke-	93.435	CLH18262	10,352	-	10,352	-
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Children, Youth & Families)	Child Abuse and Neglect Discretionary Activities	93.670	N/A	462	-	462	-
<b>Medicaid Cluster</b>							
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Health Care Authority)	Medical Assistance Program	93.778	K3080	412,313	-	412,313	176,681
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Health Care Authority)	Medical Assistance Program	93.778	K2758	21,500	-	21,500	-

*The accompanying notes are an integral part of this schedule.*

**Spokane Regional Health District  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2020**

Federal Agency (Pass-Through Agency)	Federal Program	Expenditures					Passed through to Subrecipients	Note
		CFDA Number	Other Award Number	From Pass- Through Awards	From Direct Awards	Total		
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via MultiCare Health System)	Medical Assistance Program	93.778	N/A	2,062	-	2,062	-	
		<b>Total Medicaid Cluster:</b>		<b>435,875</b>	<b>-</b>	<b>435,875</b>	176,681	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Health Care Authority)	Opioid STR	93.788	1866-33076-1	42,391	-	42,391	-	6
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	Organized Approaches to Increase Colorectal Cancer Screening	93.800	CLH18262	29,096	-	29,096	-	
IMMED OFFICE OF THE SECRETARY OF HEALTH AND HUMAN SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	93.817	CLH18262	24,163	-	24,163	-	
IMMED OFFICE OF THE SECRETARY OF HEALTH AND HUMAN SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	COVID 19 - Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	93.817	CLH18262	59,387	-	59,387	-	

*The accompanying notes are an integral part of this schedule.*

**Spokane Regional Health District**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2020**

Federal Agency (Pass-Through Agency)	Federal Program	Expenditures					Passed through to Subrecipients	Note
		CFDA Number	Other Award Number	From Pass- Through Awards	From Direct Awards	Total		
			<b>Total CFDA 93.817:</b>	<b>83,550</b>	<b>-</b>	<b>83,550</b>	<b>-</b>	
HEALTH RESOURCES AND SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Children, Youth & Families)	Maternal, Infant and Early Childhood Home Visiting Grant	93.870	20-1174-02	662,731	-	662,731	-	
IMMED OFFICE OF THE SECRETARY OF HEALTH AND HUMAN SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	National Bioterrorism Hospital Preparedness Program	93.889	CLH18262	260,768	-	260,768	-	
IMMED OFFICE OF THE SECRETARY OF HEALTH AND HUMAN SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	COVID 19 - National Bioterrorism Hospital Preparedness Program	93.889	CLH18262	576,056	-	576,056	-	
			<b>Total CFDA 93.889:</b>	<b>836,824</b>	<b>-</b>	<b>836,824</b>	<b>-</b>	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	CLH18262	300,659	-	300,659	-	

*The accompanying notes are an integral part of this schedule.*

**Spokane Regional 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	Total	
HEALTH RESOURCES AND SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	HIV Care Formula Grants	93.917	CLH18262	65,255	-	65,255	6
HEALTH RESOURCES AND SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	COVID 19 - HIV Care Formula Grants	93.917	CLH18262	31,216	-	31,216	
<b>Total CFDA 93.917:</b>				<b>96,471</b>	<b>-</b>	<b>96,471</b>	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	HIV Prevention Activities Health Department Based	93.940	CLH18262	34,735	-	34,735	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Spokane County Regional Behavioral Health Organization)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	20AS02424	100,460	-	100,460	6
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	CLH18262	44,784	-	44,784	

*The accompanying notes are an integral part of this schedule.*

**Spokane Regional Health District**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2020**

		Expenditures					Passed through to Subrecipients	Note
		Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	From Pass-Through Awards	From Direct Awards	Total
		HEALTH RESOURCES AND SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	Maternal and Child Health Services Block Grant to the States	93.994	CLH18262	315,416	-	315,416
<b>Total Federal Awards Expended:</b>						<b>18,764,674</b>	<b>-</b>	<b>18,764,674</b>
							<b>3,478,363</b>	

**Spokane Regional Health District**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**January 1, 2020 - December 31, 2020**

**Note 1 – Basis of Accounting**

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

**Note 2 – Federal De Minimis Indirect Cost Rate**

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

**Note 3 – Federal Indirect Cost Rate(s)**

The Spokane Regional Health District uses a Washington State Department of Health approved indirect cost rate which is applied to each CFDA number on this schedule. The indirect cost rate was 13.58% from January to March and 18.87% from April to December.

**Note 4 – Noncash Awards**

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

**Note 5 – Program Costs**

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

**Note 6 – Federal Fee for Service Revenue**

The District received revenue from the state for the Title XIX and Medicare services provided to eligible clients in the amount of \$5,897,346. This is not documented on the federal schedule, as this is a fee for service revenue only.

**Note 7 – Donated Personal Protective Equipment (PPE) “unaudited”**

The District received donated PPE for the COVID-19 pandemic response from Spokane County in the fair market value of \$82,670. The CFDA # is 97.036.

## ABOUT THE STATE AUDITOR'S OFFICE

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

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

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.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, [www.sao.wa.gov](http://www.sao.wa.gov). Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

### Stay connected at [sao.wa.gov](http://sao.wa.gov)

- [Find your audit team](#)
- [Request public records](#)
- Search BARS manuals ([GAAP](#) and [cash](#)), and find [reporting templates](#)
- Learn about our [training workshops](#) and [on-demand videos](#)
- Discover [which governments serve you](#) — enter an address on our map
- Explore public financial data with the [Financial Intelligence Tool](#)

### Other ways to stay in touch

- Main telephone:  
(564) 999-0950
- Toll-free Citizen Hotline:  
(866) 902-3900
- Email:  
[webmaster@sao.wa.gov](mailto:webmaster@sao.wa.gov)