



Office of the Washington State Auditor  
Pat McCarthy

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

# **Asotin County Health District**

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

*Published March 31, 2022*

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

March 31, 2022

Board of Health  
Asotin County Health District  
Asotin, Washington

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

Please find attached our report on the Asotin County 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).*

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

### Asotin County Health District January 1, 2020 through December 31, 2020

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

The results of our audit of the Asotin County 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 District’s financial statements in accordance with its regulatory basis of accounting. Separately, we issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared using a basis of accounting other than 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 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 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 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**

See Finding 2020-001.

### **SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

See Finding 2020-002.

## SCHEDULE OF AUDIT FINDINGS AND RESPONSES

### Asotin County Health District January 1, 2020 through December 31, 2020

#### **2020-001 The District did not have effective internal controls in place for ensuring accurate and reliable financial reporting.**

##### *Background*

State and federal agencies, the Board of Health and the public rely on the information included in the financial statements to make decisions. District management is responsible for designing, implementing and maintaining internal controls that provide reasonable assurance financial reporting is reliable and complete.

The District prepares its financial statements, notes and schedules in accordance with the cash basis accounting method prescribed in the *Budgeting, Accounting and Reporting System* (BARS) manual.

*Government Auditing Standards* requires the State Auditor's Office to communicate material weaknesses in internal controls as a finding. The Applicable Laws and Regulations section below defines the standards for material weaknesses.

##### *Description of Condition*

We found the following deficiencies in internal controls over financial reporting. When taken together, they represent a material weakness and could adversely affect the District's ability to produce accurate and reliable financial statements.

- District employees did not identify and apply all BARS manual updates for reporting its postemployment benefits other than pensions (OPEB) liability and disclosing bank deposit balances in the notes. Further, District employees did not fully understand requirements for disclosing long-term debt in the notes.
- The District's process for preparing the fiscal year 2020 Schedule of Expenditures of Federal Awards (SEFA) was ineffective for ensuring it accurately reported the amount of federal expenditures passed through to subrecipients on the SEFA.

- District employees did not perform an effective review of the financial statements, notes and schedules for accuracy and completeness before submitting them for audit.

### *Cause of Condition*

The District employee responsible for preparing the financial statements, schedules and notes was not aware of the reporting requirements and did not follow the most current BARS manual guidance for reporting. Additionally, employees responsible for reviewing the notes and schedules did not sufficiently understand BARS manual reporting requirements to identify and correct errors before audit.

### *Effect of Condition*

Inaccurate financial reporting limits access to financial information that District officials, state and federal agencies, and the public use. Because of these internal control deficiencies, the District's Notes to the Financial Statements and schedules contained the following errors that management did not detect. The District:

- Omitted its OPEB liability of \$222,100 from the notes and Schedule of Liabilities
- Omitted its bank deposit balance of \$189,375 from the notes
- Only reported one year of debt payments due in the notes, rather than the entire long-term debt, resulting in an understatement of \$134,539 in principal and \$27,306 in interest
- Overstated operating leases in the Schedule of Liabilities by \$63,908
- Omitted its federal expenditures passed through to subrecipients of \$209,825 from the SEFA

Management corrected these errors. We also found other, less significant errors in the Notes to the Financial Statements and schedules provided for audit.

### *Recommendation*

We recommend District management strengthen internal controls over financial reporting. Specifically, management should:

- Ensure employees responsible for preparing financial statements, notes and schedules identify, fully understand, and apply updated and applicable BARS manual reporting requirements in the District's annual financial report

- Perform an effective review of the financial statements, notes and schedules to identify and correct errors before submitting them for audit

### ***District's Response***

*The health district has recognized some deficiencies in the internal control process, to rectify this we have contracted with a CPA firm to assist in compliance and reporting financial information. Utilizing their internal review process ensures proper handling of financial information, allowing our small district to leverage several layers of review to reporting items and assist management in conveying accurate information to all required parties.*

### ***Auditor's Remarks***

We appreciate the District's commitment to resolve this finding and thank the District for its cooperation and professionalism during the audit. We will review the corrective action taken during our next audit.

### ***Applicable Laws and Regulations***

*Government Auditing Standards*, July 2018 Revision, paragraphs 6.40 and 6.41 establish reporting requirements related to significant deficiencies or material weaknesses in internal control, instances of fraud, and noncompliance with provisions of laws, regulations, contracts, or grant agreements.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 265, Communicating Internal Control Related Matters Identified in an Audit, paragraph 7.

RCW 43.09.200, Local government accounting – Uniform system of accounting, requires the state auditor to prescribe and install a uniform system of accounting and reporting for all local governments.

*Budgeting, Accounting and Reporting System (BARS)* manual, 3.1.3, Internal Control, requires each local government to establish and maintain an effective system of internal controls that provides reasonable assurance that the government will achieve its objectives.



## SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

### Asotin County Health District January 1, 2020 through December 31, 2020

#### **2020-002    The District did not have adequate internal controls for ensuring compliance with federal requirements for subrecipient monitoring.**

|  |  |
|--|--|
| <b>CFDA Number and Title:</b>              | 21.019, COVID-19 – Coronavirus Relief Fund |
| <b>Federal Grantor Name:</b>               | U.S. Department of the Treasury            |
| <b>Federal Award/Contract Number:</b>      | N/A  |
| <b>Pass-through Entity Name:</b>           | Washington State Department of Health      |
| <b>Pass-through Award/Contract Number:</b> | CLH18236                                   |
| <b>Questioned Cost Amount:</b>             | \$0  |

#### ***Description of Condition***

The purpose of the Coronavirus Relief Fund program is to provide payments to state, territorial, tribal and certain eligible local governments to cover necessary expenditures incurred because of the COVID-19 pandemic. During 2020, the District spent \$549,690 in relief funds, which included \$209,825 that it passed through to one subrecipient to provide assistance to small businesses, nonprofit organizations and local governments.

Federal regulations require recipients to establish and maintain internal controls that ensure compliance with program requirements. These controls include understanding program requirements and monitoring the effectiveness of established controls.

Whenever the District passes on federal funding to subrecipients, federal regulations require the District to monitor them to ensure they comply with the terms and conditions of the federal award. To determine the appropriate level of monitoring, the District must evaluate each subrecipient's risk of noncompliance with federal requirements. For this subaward, monitoring would include verifying the subrecipient kept all documentation supporting the assistance it provided to

participants, including detailed documentation of participants' incurred expenses, which could not exceed \$25,000. The amount of verification would depend on the subrecipient's risk of noncompliance. The District did not perform a risk assessment and monitor its subrecipient, as federal regulations require.

We consider this deficiency in internal control to be a material weakness that led to material noncompliance.

The issue was not reported as a finding in the prior audit.

### *Cause of Condition*

With the effects of COVID-19, it was urgent for the District to disburse funds to its subrecipient quickly in order to assist businesses. The District does not routinely pass funds to subrecipients, and employees were not aware the District was required to perform a risk assessment for its subrecipient and monitor whether it was only disbursing funds for incurred and supported participant expenses within the maximum amount allowed.

### *Effect of Condition*

Without performing a risk assessment and monitoring, the District's subrecipient is at risk of not complying with the terms and conditions of the subaward. Because the District did not perform a risk assessment and monitor its subrecipient, we gave the District the opportunity to perform monitoring during the audit and verify if the subrecipient complied with the terms and conditions of the subaward. The District randomly selected six participants who received assistance from the subrecipient and verified it had obtained documentation supporting the participants' incurred expenses and that the amounts disbursed did not exceed the maximum amount allowed.

### *Recommendation*

We recommend the District perform risk assessments and monitor its subrecipients accordingly to verify they are complying with the terms and conditions of the subaward.

### *District's Response*

*The health district has recognized some deficiencies in the internal control process, to rectify this we have contracted with a CPA firm to assist in compliance and reporting financial information. Utilizing their internal review process ensures*

*proper handling of financial information, allowing our small district to leverage several layers of review to reporting items and assist management in conveying accurate information to all required parties.*

### ***Auditor's Remarks***

We appreciate the District's commitment to resolve this finding and thank the District for its cooperation and professionalism during the audit. We will review the corrective action taken during our next audit.

### ***Applicable Laws and Regulations***

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), section 516, Audit findings, establishes reporting requirements for audit findings.

Title 2 CFR Part 200, Uniform Guidance, section 303, Internal controls, describes the requirements for auditees to maintain internal controls over federal programs and comply with federal program requirements.

Title 2 CFR Part 200, Uniform Guidance, section 332, Requirements for pass-through entities, establishes subrecipient monitoring and management requirements for pass-through entities.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 935, Compliance Audits, paragraph 11.

## 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*

### **Asotin County Health District January 1, 2020 through December 31, 2020**

Board of Health  
Asotin County Health District  
Asotin, 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 Asotin County 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 financial statements, and have issued our report thereon dated March 23, 2022.

We issued an unmodified opinion on the fair presentation of the District's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared by the District using accounting practices prescribed by state law and the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual described in Note 1, which is a basis of accounting other than GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

As discussed in Note 3 to the 2020 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 described in Note 3.

## 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Audit Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

*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. We consider the deficiencies described in the accompanying Schedule of Audit Findings and Responses as Finding 2020-001 to be a material weakness.

## 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*.

## DISTRICT'S RESPONSE TO FINDINGS

The District's response to the findings identified in our audit is described in the accompanying Schedule of Audit Findings and Responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

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

Pat McCarthy, State Auditor

Olympia, WA

March 23, 2022

## 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

### **Asotin County Health District January 1, 2020 through December 31, 2020**

Board of Health  
Asotin County Health District  
Asotin, Washington

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

We have audited the compliance of the Asotin County 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.

### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2020-002. Our opinion on each major federal program is not modified with respect to these matters.

### **District's Response to Findings**

The District's response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Federal Award Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **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 over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2020-002 that we consider to be a material weakness.

### **District's Response to Findings**

The District's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Federal Award Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

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

Pat McCarthy, State Auditor

Olympia, WA

March 23, 2022

# INDEPENDENT AUDITOR'S REPORT

## Report on the Financial Statements

### **Asotin County Health District January 1, 2020 through December 31, 2020**

Board of Health  
Asotin County Health District  
Asotin, Washington

## **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the Asotin County Health District, for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's financial statements, as listed on page 21.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of state law and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for 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.

### **Unmodified Opinion on Regulatory Basis of Accounting (BARS Manual)**

As described in Note 1, the Asotin County Health District has prepared these financial statements to meet the financial reporting requirements of state law using accounting practices prescribed by the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and investments of the Asotin County Health District, and its changes in cash and investments, for the year ended December 31, 2020, on the basis of accounting described in Note 1.

### **Basis for Adverse Opinion on U.S. GAAP**

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. The effects on the financial statements of the variances between GAAP and the accounting practices the District used, as described in Note 1, although not reasonably determinable, are presumed to be material. As a result, we are required to issue an adverse opinion on whether the financial statements are presented fairly, in all material respects, in accordance with GAAP.

### **Adverse Opinion on U.S. GAAP**

The financial statements referred to above were not intended to, and in our opinion they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Asotin County Health District, as of December 31, 2020, or the changes in financial position or cash flows thereof for the year then ended, due to the significance of the matter discussed in the above "Basis for Adverse Opinion on U.S. GAAP" paragraph.

## Matters of Emphasis

As discussed in Note 3 to the 2020 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the District is unknown. Management's response to this matter are also described in Note 3. Our opinion is not modified with respect to this matter.

## Other Matters

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The 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). The Schedule of Liabilities is also presented for purposes of additional analysis, as required by the prescribed BARS manual. These schedules are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 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 March 23, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Pat McCarthy, State Auditor

Olympia, WA

March 23, 2022

## **FINANCIAL SECTION**

### **Asotin County Health District January 1, 2020 through December 31, 2020**

#### **FINANCIAL STATEMENTS**

Fund Resources and Uses Arising from Cash Transactions – 2020  
Notes to the Financial Statements – 2020

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

Schedule of Liabilities – 2020  
Schedule of Expenditures of Federal Awards – 2020  
Notes to the Schedule of Expenditures of Federal Awards – 2020

**Asotin County Health District**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2020**

**Beginning Cash and Investments**

|           |                                |         |
|-----------|--------------------------------|---------|
| 308       | Beginning Cash and Investments | 251,964 |
| 388 / 588 | Net Adjustments                | -       |

**Revenues**

|                 |                                |           |
|-----------------|--------------------------------|-----------|
| 310             | Taxes                          | -         |
| 320             | Licenses and Permits           | 88,441    |
| 330             | Intergovernmental Revenues     | 982,234   |
| 340             | Charges for Goods and Services | 25,718    |
| 350             | Fines and Penalties            | 2,405     |
| 360             | Miscellaneous Revenues         | 3,628     |
| Total Revenues: |                                | 1,102,426 |

**Expenditures**

|   |                    |           |
|---|--------------------|-----------|
| 510   | General Government | -         |
| 560   | Social Services    | 1,018,606 |
| Total Expenditures:                             |                    | 1,018,606 |
| Excess (Deficiency) Revenues over Expenditures: |                    | 83,820    |

**Other Increases in Fund Resources**

|  |                                |   |
|--|--------------------------------|---|
| 391-393, 596                             | Debt Proceeds                  | - |
| 397                                      | Transfers-In                   | - |
| 385                                      | Special or Extraordinary Items | - |
| 381, 382, 389, 395, 398                  | Other Resources                | - |
| Total Other Increases in Fund Resources: |                                | - |

**Other Decreases in Fund Resources**

|  |                                |        |
|--|--------------------------------|--------|
| 594-595                                  | Capital Expenditures           | 70,166 |
| 591-593, 599                             | Debt Service                   | 20,513 |
| 597                                      | Transfers-Out                  | -      |
| 585                                      | Special or Extraordinary Items | -      |
| 581, 582, 589                            | Other Uses                     | -      |
| Total Other Decreases in Fund Resources: |                                | 90,679 |

**Increase (Decrease) in Cash and Investments: (6,859)**

**Ending Cash and Investments**

|  |              |                |
|--|--------------|----------------|
| 50821                                    | Nonspendable | -              |
| 50831                                    | Restricted   | -              |
| 50841                                    | Committed    | -              |
| 50851                                    | Assigned     | 43,304         |
| 50891                                    | Unassigned   | 201,801        |
| <b>Total Ending Cash and Investments</b> |              | <b>245,105</b> |

**Asotin County Public Health District**  
**Notes to the Financial Statements**  
**For the year December 31, 2020**

**Note 1 - Summary of Significant Accounting Policies**

The Asotin County Public Health District was incorporated on August 19, 1985 and operates under the laws of the state of Washington applicable to a public health district. The district is a special purpose local government and provides Maternal Child Health. Women Infant and Children, Vital Records, Communicable Disease and Environment Health services.

The district reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are presented using classifications that are similar to the ending balance classification in GAAP.

A. Fund Accounting

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used:

**GOVERNMENTAL FUND TYPES:**

General Fund

This fund is the primary operating fund of the government. It accounts for all financial resources except those required or elected to be accounted for in another fund.

Special Revenue Funds

These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the government.

### Capital Projects Funds

These funds account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets.

### B. Basis of Accounting and Measurement Focus

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid.

In accordance with state law the district also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

### C. Cash and Investments

See Note 4 - Deposits and Investments.

### D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of 1 year. Capital assets and inventory are recorded as capital expenditures when purchased.

### E. Compensated Absences

Vacation leave may be accumulated up to 30 days and is payable upon separation or retirement. Sick leave may be accumulated to 480 hours. Upon separation or retirement employees may or may not receive payment for unused sick leave based on adopted VEBA policy. Payments are recognized as expenditures when paid.

### F. Long-Term Debt

See Note 5 – Long-Term Debt

## **Note 2 - Budget Compliance**

The district adopts annual appropriated budgets for general funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets were as follow:

| Fund/Department          | Final Appropriated Amounts | Actual Expenditures | Variance     |
|--------------------------|----------------------------|---------------------|--------------|
| General Fund: 657.000    |                            |                     |              |
| Salaries & Wages         | \$ 351,750                 | \$ 351,054          | \$ 696       |
| Personnel Benefits       | \$ 136,661                 | \$ 139,670          | \$ <3,009>   |
| Supplies & Equipment     | \$ 20,499                  | \$ 99,010           | \$ <78,511>  |
| Other Services & Charges | \$ 121,347                 | \$ 429,403          | \$ <308,056> |
| Capital Items            | \$ 25,000                  | \$ 70,166           | \$ <45,166>  |



|                         |            |             |              |
|-------------------------|------------|-------------|--------------|
| Debt Service Principle  | \$ 12,797  | \$ 12,788   | \$ 9         |
| Debt Service – Interest | \$ 7,716   | \$ 7,725    | \$ <9>       |
| Total General Fund      | \$ 675,770 | \$1,109,815 | \$ <434,045> |
|                         |            |             |              |

Budgeted amounts are authorized to be transferred between departments within any fund; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the Asotin County Board of Health legislative body. The District incurred additional costs due to the COVID-19 Pandemic, resulting in wide variances to the budget during the fiscal year and no amendment to the budget was completed to account for these variances.

### **Note 3 – 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.

During the week of March 16-20, 2020, the Asotin County Public Health District closed its doors to the public and discontinued most of its direct services to focus on responding to the public health emergency (COVID-19 Pandemic). Fee generated revenue and grant reimbursements were significantly impacted. Because the Asotin County Public Health District does not pay Employment Security Taxes, and instead pay full dollar unemployment claims, the District choose to outsource some of COVID case investigation and tracing duties and reassign staff to handle the workload. Foundational public health services were remained significantly diminished form nearly all of 2020. The Health District has pursued all available funding opportunities to support COVID response activities such as CARES funding and FEMA Disaster Relief Funds).

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.

### **Note 4 – Deposits and Investments**

Investments are reported at original cost. Deposits and investments by type at December 31, 2020 are as follows:

| Type of deposit or investment | Districts own deposits and investments | Deposits and investments held by the County as custodian for other local governments, individuals, or private organizations | Total            |
|-------------------------------|--|---|------------------|
| Bank deposits                 | \$189,375                              |   | \$189,375        |
| County Investments            | \$50,000                               |   | \$50,000         |
| County Investments            | \$5,730                                |   | \$5,730          |
| <b>Total</b>                  | <b>\$245,105</b>                       |   | <b>\$245,105</b> |

It is the district's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds by the County.

#### Investments in Asotin County Investment Pool

The district is a voluntary participant in the Asotin 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 county reports its investment in the pool at fair value, which is the same as the value of the pool per share. The pool does not impose liquidity fees or redemption gates on participant withdrawals/disclose any liquidity fees or redemption gates.

All investments are insured, registered or held by the district or its agent in the government's name.

### **Note 5 – Long-Term Debt**

#### Debt Service

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the Asotin County Public Health District and summarizes the District's debt transactions for year ended December 31, 2020.

The debt service requirements for general obligation real estate long-term mortgage debt are as follows:

| Health District's Activities |           |          |
|------------------------------|-----------|----------|
| Year                         | Principle | Interest |
| 2021                         | 13,452    | 6,517    |
| 2022                         | 14,140    | 6,372    |
| 2023                         | 14,863    | 5,649    |
| 2024                         | 15,623    | 4,889    |
| 2025                         | 16,423    | 4,089    |
| 2026-2030                    | 72,826    | 7,515    |

|              |                |               |
|--------------|----------------|---------------|
|              |                |               |
| <b>Total</b> | <b>147,327</b> | <b>35,031</b> |

## **Note 6 – Other Postemployment Benefits (OPEB) Plans**

The district is a participating employer in the state’s Public Employees Benefits Board (PEBB) program, a defined benefit plan administered by the Washington State Health Care Authority. The plan provides medical, dental, and life insurance benefits for public employees and retirees and their dependents on a pay-as-you-go basis. The plan provides OPEB benefits through both explicit and implicit subsidies. The explicit subsidy is a set dollar amount that lowers the monthly premium paid by members over the age of 65 enrolled in Medicare Parts A and B. PEBB determines the amount of the explicit subsidy annually. The implicit subsidy results from the inclusion of active and non-Medicare eligible retirees in the same pool when determining premiums. There is an implicit subsidy from active employees since the premiums paid by retirees are lower than they would have been if the retirees were insured separately. The District had 4 active plan members and no retired plan members as of December 31, 2020.

As of December 31, 2020, the district’s total OPEB liability was \$222,100 as calculated using the alternative measurement method. The district contributed \$41,737 to the plan for the year ended December 31, 2020.

## **Note 7 – Pension Plans**

### A. State Sponsored Pension Plans

Substantially all Aston County Public Health District’s full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans PERS 1, PERS 2 and PERS 3.

The State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems, 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

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

At June 30, 2020\_ (the measurement date of the plans), the district's proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

| Plan     | Employer Contributions | Allocation % | Liability (Asset) |
|----------|------------------------|--------------|-------------------|
| PERS 1   | \$14,995               | 0.002069%    | \$73,047          |
| PERS 2/3 | \$24,699               | 0.002681%    | \$34,288          |

## Note 8 – Risk Management

Asotin County Health District is a member of Enduris. Chapter 48.62 RCW provides the exclusive source of local government entity authority to individually or jointly self-insure risks, jointly purchase insurance or reinsurance, and to contract for risk management, claims, and administrative services. The Pool was formed July 10, 1987 pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW when two counties and two cities in the State of Washington joined together by signing an interlocal governmental agreement to fund their self-insured losses and jointly purchase insurance and administrative services. As of August 31, 2020, there are 547 Enduris members representing a broad array of special purpose districts throughout the state. Enduris provides property and liability coverage as well as risk management services and other related administrative services.

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

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

Enduris acquires reinsurance from unrelated insurance companies on a “per occurrence” basis to cover all losses over the self-insured retentions as shown on the policy maximum limits. Liability coverage is for all lines of liability coverage including Public Official’s Liability. The Property coverage is written on an “all risk”, blanket basis using current Statement of Values. The Property coverage includes but is not limited to mobile equipment, boiler and machinery, electronic data processing equipment, business interruption, course of construction and additions, property in transit, fine arts, cyber and automobile physical damage to insured vehicles. Liability coverage limit is \$20 million per occurrence and property coverage limit is \$800 million per occurrence. Enduris offers crime coverage up to a limit of \$1 million per occurrence.

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

The contract requires members to remain in the Pool for a minimum of one year and must give notice 60 days before terminating participation. The Master Agreement (Intergovernmental Contract) is automatically renewed after the initial one (1) full fiscal year commitment. Even after termination, a member is still responsible for contribution to Enduris for any unresolved, unreported and in-process claims for the period they were a signatory to the Master Agreement.

Enduris is fully funded by its member participants. Claims are filed by members with the Pool and are administered in house.

The Pool is governed by a Board of Directors which is comprised of seven board members. The Pool's members elect the Board and the positions are filled on a rotating basis. The Board meets quarterly and is responsible for conducting the business affairs of Enduris.

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

#### **Note 9 – Other Disclosures**

Asotin County Public Health District has an obligation as of December 31, 2020 for compensated absence balance of \$43,780. Compensated absences are paid upon termination of employment based on approved VEBA policy.

**Asotin County Health District  
Schedule of Liabilities  
For the Year Ended December 31, 2020**

| <b>ID. No.</b>  | <b>Description</b>         | <b>Due Date</b> | <b>Beginning<br/>Balance</b> | <b>Additions</b> | <b>Reductions</b> | <b>Ending Balance</b> |
|---|----------------------------|-----------------|------------------------------|------------------|-------------------|-----------------------|
| <b>Revenue and Other (non G.O.) Debt/Liabilities</b>            |                            |                 |                              |                  |                   |                       |
| 259.12  | Compensated Absenses       |                 | 29,747                       | 14,033           | -                 | 43,780                |
| 263.52  | Copier Lease - Wells Fargo | 2/26/2024       | 12,474                       | -                | 4,574             | 7,900                 |
| 263.52  | Capital Building Mortgage  | 12/31/2030      | 160,609                      | -                | 12,788            | 147,821               |
| 264.30  | Pension Liability          |                 | 111,712                      | -                | 4,377             | 107,335               |
| 264.40  | OPEB                       |                 | 133,004                      | 89,096           | -                 | 222,100               |
| <b>Total Revenue and Other (non G.O.)<br/>Debt/Liabilities:</b> |                            |                 | <b>447,546</b>               | <b>103,129</b>   | <b>21,739</b>     | <b>528,936</b>        |
| <b>Total Liabilities:</b>                                       |                            |                 | <b>447,546</b>               | <b>103,129</b>   | <b>21,739</b>     | <b>528,936</b>        |

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

| Federal Agency<br>(Pass-Through Agency)  | Federal Program   | CFDA<br>Number | Other Award<br>Number | Expenditures                    |                       |                                    | Note |
|--|---|----------------|-----------------------|---------------------------------|-----------------------|------------------------------------|------|
|  |   |                |                       | From Pass-<br>Through<br>Awards | From Direct<br>Awards | Passed through<br>to Subrecipients |      |
| FOOD AND NUTRITION SERVICE,<br>AGRICULTURE, DEPARTMENT<br>OF (via Washington State<br>Department of Health)                                  | WIC Special<br>Supplemental Nutrition<br>Program for Women,<br>Infants, and Children            | 10.557         | CLH18236              | 86,888                          | -                     | 86,888                             | 123  |
| FOOD AND NUTRITION SERVICE,<br>AGRICULTURE, DEPARTMENT<br>OF (via Washington State<br>Department of Health)                                  | WIC Special<br>Supplemental Nutrition<br>Program for Women,<br>Infants, and Children            | 10.557         | CLH18236              | 400                             | -                     | 400                                | 123  |
| <b>Total CFDA 10.557:</b>  |   |                |                       | <b>87,288</b>                   | -                     | <b>87,288</b>                      |      |
| <b>SNAP Cluster</b>  |   |                |                       |                                 |                       |                                    |      |
| FOOD AND NUTRITION SERVICE,<br>AGRICULTURE, DEPARTMENT<br>OF (via Washington State<br>Department of Health)                                  | State Administrative<br>Matching Grants for the<br>Supplemental Nutrition<br>Assistance Program | 10.561         | CLH18236              | 1,240                           | -                     | 1,240                              | 123  |
| <b>Total SNAP Cluster:</b>   |   |                |                       | <b>1,240</b>                    | -                     | <b>1,240</b>                       |      |
| FOOD AND NUTRITION SERVICE,<br>AGRICULTURE, DEPARTMENT<br>OF (via Washington State<br>Department of Health)                                  | WIC Farmers' Market<br>Nutrition Program (FMNP)   | 10.572         | CLH18236              | 357                             | -                     | 357                                | 123  |
| DEPARTMENTAL OFFICES,<br>TREASURY, DEPARTMENT OF<br>THE (via Washington State<br>Department of Health)                                       | COVID-19 Coronavirus<br>Relief Fund   | 21.019         | CLH18236              | 99,290                          | -                     | 99,290                             | 13   |
| DEPARTMENTAL OFFICES,<br>TREASURY, DEPARTMENT OF<br>THE (via Washington State<br>Department of Health)                                       | COVID-19 Coronavirus<br>Relief Fund   | 21.019         | CLH18236              | 450,400                         | -                     | 450,400                            | 13   |
| <b>Total CFDA 21.019:</b>  |   |                |                       | <b>549,690</b>                  | -                     | <b>549,690</b>                     |      |
| CENTERS FOR DISEASE<br>CONTROL AND PREVENTION,<br>HEALTH AND HUMAN SERVICES,<br>DEPARTMENT OF (via Washington<br>State Department of Health) | Public Health Emergency<br>Preparedness   | 93.069         | CLH18236              | 15,776                          | -                     | 15,776                             | 13   |
| <b>Total CFDA 21.019:</b>  |   |                |                       | <b>549,690</b>                  | -                     | <b>549,690</b>                     |      |

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

| Federal Agency<br>(Pass-Through Agency)  | Federal Program   | CFDA<br>Number | Other Award<br>Number | Expenditures                    |                       |                                    | Note           |
|--|---|----------------|-----------------------|---------------------------------|-----------------------|------------------------------------|----------------|
|  |   |                |                       | From Pass-<br>Through<br>Awards | From Direct<br>Awards | Passed through<br>to Subrecipients |                |
|  |   |                |                       |                                 |                       | Total                              |                |
| CENTERS FOR DISEASE<br>CONTROL AND PREVENTION,<br>HEALTH AND HUMAN SERVICES,<br>DEPARTMENT OF (via Washington<br>State Department of Health)   | Public Health Emergency<br>Response: Cooperative<br>Agreement for Emergency<br>Response: Public Health<br>Crisis Response | 93.354         | CLH18236              | 70,071                          | -                     | 70,071                             | 13             |
| <b>Medicaid Cluster</b>  |   |                |                       |                                 |                       |                                    |                |
| CENTERS FOR MEDICARE AND<br>MEDICAID SERVICES, HEALTH<br>AND HUMAN SERVICES,<br>DEPARTMENT OF (via Health Care<br>Authority)                   | Medical Assistance<br>Program   | 93.778         | K2735                 | 8,050                           | -                     | 8,050                              | 13             |
| CENTERS FOR MEDICARE AND<br>MEDICAID SERVICES, HEALTH<br>AND HUMAN SERVICES,<br>DEPARTMENT OF (via Health Care<br>Authority)                   | Medical Assistance<br>Program   | 93.778         | K3058                 | 31,041                          | -                     | 31,041                             | 13             |
| <b>Total Medicaid Cluster:</b>   |   |                |                       | <b>39,091</b>                   | <b>-</b>              | <b>39,091</b>                      | <b>-</b>       |
| HEALTH RESOURCES AND<br>SERVICES ADMINISTRATION,<br>HEALTH AND HUMAN SERVICES,<br>DEPARTMENT OF (via Washington<br>State Department of Health) | Maternal and Child Health<br>Services Block Grant to<br>the States  | 93.994         | CLH18236              | 35,533                          | -                     | 35,533                             | 123            |
| <b>Total Federal Awards Expended:</b>  |   |                |                       | <b>799,046</b>                  | <b>-</b>              | <b>799,046</b>                     | <b>209,825</b> |



Asotin County Health District  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2020

Note 1 – Basis of Accounting

This Schedule is prepared on the same basis of accounting as the district's financial statements. The district uses a cash basis of accounting where revenues are recognized only when cash is received, and expenditures are recognized when paid.

Note 2 – Federal Indirect Cost Rate

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

The amount expended includes indirect cost recovery using an approved indirect cost rate of 50% salaries, wages, taxes and benefits on allowable programs or roughly 71,814 for the fiscal year.

Note 3 – Program Costs

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



# ASOTIN COUNTY PUBLIC HEALTH

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PHONE: (509) 243.3344 | FAX (509) 243.3345 | [www.asotincountypublichealth.org](http://www.asotincountypublichealth.org)

## CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED UNDER UNIFORM GUIDANCE

### Asotin County Health District January 1, 2020 through December 31, 2020

This schedule presents the corrective action planned by the District for findings reported in this report 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).

|   |   |
|---|---|
| <b>Finding ref number:</b><br>2020-001  | <b>Finding caption:</b><br>The District did not have effective internal controls in place for ensuring accurate and reliable financial reporting. |
| <b>Name, address, and telephone of District contact person:</b><br>Brady Woodbury, Administrator<br>P.O. Box 306<br>Asotin, WA 99402<br>(509) 758-3344  |   |
| <b>Corrective action the auditee plans to take in response to the finding:</b><br><i>The health district has recognized some deficiencies in the internal control process, to rectify this we have contracted with a CPA firm to assist in compliance and reporting financial information. Utilizing their internal review process ensures proper handling of financial information, allowing our small district to leverage several layers of review to reporting items and assist management in conveying accurate information to all required parties.</i> |   |
| <b>Anticipated date to complete the corrective action:</b> 06/30/2022   |   |

|   |  |
|---|--|
| <b>Finding ref number:</b><br>2020-002  | <b>Finding caption:</b><br>The District did not have adequate internal controls for ensuring compliance with federal requirements for subrecipient monitoring. |
| <b>Name, address, and telephone of District contact person:</b><br>Brady Woodbury, Administrator<br>P.O. Box 306<br>Asotin, WA 99402<br>(509) 758-3344  |  |
| <b>Corrective action the auditee plans to take in response to the finding:</b><br><i>The health district has recognized some deficiencies in the internal control process, to rectify this we have contracted with a CPA firm to assist in compliance and reporting financial information. Utilizing their internal review process ensures proper handling of financial information, allowing our small district to leverage several layers of review to reporting items and assist management in conveying accurate information to all required parties.</i> |  |
| <b>Anticipated date to complete the corrective action:</b> 06/30/2022   |  |

## 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.

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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.

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