



Office of the Washington State Auditor  
Pat McCarthy

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

# **Southeast Washington Aging and Long-Term Care Council of Governments**

**(Aging and Long-Term Care)**

**For the period January 1, 2022 through December 31, 2022**

*Published August 17, 2023*

Report No. 1033114



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

August 17, 2023

Board of Commissioners  
Aging and Long-Term Care  
Yakima, Washington

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

Please find attached our report on Aging and Long-Term Care financial statements and compliance with federal laws and regulations.

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

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

### **Aging and Long-Term Care** **January 1, 2022 through December 31, 2022**

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

The results of our audit of Aging and Long-Term Care 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 basic financial statements of the governmental activities and each major fund in accordance with accounting principles generally accepted in the United States of America (GAAP).

##### **Internal Control over Financial Reporting:**

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

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

#### **Federal Awards**

##### **Internal Control over Major Programs:**

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

We issued an unmodified opinion on the Agency’s compliance with requirements applicable to each of its major federal programs.

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

## Identification of Major Federal Programs

The following programs were selected as major programs in our audit of compliance in accordance with the Uniform Guidance.

<u>ALN</u>	<u>Program or Cluster Title</u>
93.044	Aging Cluster – COVID-19 – Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers
93.045	Aging Cluster – COVID-19 – Special Programs for the Aging, Title III, Part C, Nutrition Services
93.053	Aging Cluster – Nutrition Services Incentive Program

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

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

## SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

## SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

## INDEPENDENT AUDITOR'S REPORT

### Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

#### **Aging and Long-Term Care January 1, 2022 through December 31, 2022**

Board of Commissioners  
Aging and Long-Term Care  
Yakima, 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 Aging and Long-Term Care, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated August 9, 2023.

#### **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described above 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.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

## **REPORT ON COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **PURPOSE OF THIS REPORT**

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

A handwritten signature in black ink, 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

August 9, 2023

## 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

#### **Aging and Long-Term Care January 1, 2022 through December 31, 2022**

Board of Commissioners  
Aging and Long-Term Care  
Yakima, Washington

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

#### **Opinion on Each Major Federal Program**

We have audited the compliance of Aging and Long-Term Care, with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended December 31, 2022. The Agency's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

#### **Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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)* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on



compliance for each major federal program. Our audit does not provide a legal determination on the Agency's compliance with the compliance requirements referred to above.

### **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Agency's federal programs.

### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Agency's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the Agency's compliance with the requirements of each major federal program as a whole.

Performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Agency's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the Agency's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Agency's internal control over compliance. Accordingly, no such opinion is expressed; and

- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## REPORT ON 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 audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

### 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

August 9, 2023

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### **Aging and Long-Term Care January 1, 2022 through December 31, 2022**

Board of Commissioners  
Aging and Long-Term Care  
Yakima, Washington

## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Aging and Long-Term Care, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the financial section of our report.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Aging and Long-Term Care, as of December 31, 2022, 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.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Matters of Emphasis**

As discussed in Note 1 to the financial statements, in 2022, the Agency adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

## **Responsibilities of Management 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, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **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 in the financial section of our report be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. 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 supplementary information 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 as a whole.

## OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2023 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

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

Pat McCarthy, State Auditor

Olympia, WA

August 9, 2023

## **FINANCIAL SECTION**

### **Aging and Long-Term Care January 1, 2022 through December 31, 2022**

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Management's Discussion and Analysis – 2022

#### **BASIC FINANCIAL STATEMENTS**

Statement of Net Position – 2022

Statement of Activities – 2022

Balance Sheet – Governmental Fund – 2022

Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental  
Fund – 2022

Notes to Financial Statements – 2022

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of Changes in Total OPEB Liability and Related Ratios – 2022

Schedule of Proportionate Share of Net Pension Liability – PERS 1 and PERS 2/3 – 2022

Schedule of Employer Contributions – PERS 1 and PERS 2/3 – 2022

Budgetary Comparison Schedule – 2022

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

Schedule of Expenditures of Federal Awards – 2022

Notes to the Schedule of Expenditures of Federal Awards – 2022



**SOUTHEAST WASHINGTON AGING AND LONG-TERM CARE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

We offer this narrative overview and analysis of the financial activities of Southeast Washington Aging and Long-Term Care (SE WA ALTC) for the year ended December 31, 2022. We present this information in conjunction with the information included in our financial statements, which follow.

### **FINANCIAL HIGHLIGHTS**

- At the end of the year, SE WA ALTC's net position was \$16,139,733.
- At the end of the year, SE WA ALTC's total fund balance for the governmental funds was \$22,599,245. The entire fund balance is considered restricted and was classified between nonspendable, restricted or assigned categories.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to SE WA ALTC's basic financial statements. SE WA ALTC's basic financial statements include four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, and 4) required supplementary information. In addition to the basic financial statements, this report also contains other supplementary information.

SE WA ALTC has only governmental funds; it does not operate any activities that would be defined as either proprietary funds or fiduciary funds.

### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements are designed to provide readers with a broad overview of SE WA ALTC's finances in a manner similar to a private sector business.

The statement of net position presents information on all of SE WA ALTC's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between assets and deferred outflows less liabilities and deferred inflows reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of SE WA ALTC is improving or deteriorating.

The statement of activities presents information showing how SE WA ALTC's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future periods (e.g. uncollected revenues and earned but unused vacation and sick leave).

### **FUND FINANCIAL STATEMENTS**

A fund is a grouping of related accounts used to maintain control over resources that are segregated for specific activities or objectives. SE WA ALTC, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **GOVERNMENTAL FUNDS**

Governmental funds are used to account for essentially the same functions reported as government activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of whether SE WA ALTC's financial position is improving or deteriorating. Restricted net position represents the amount available to be used to meet SE WA ALTC's ongoing obligations to citizens and creditors.

A condensed summary of SE WA ALTC's net position at December 31, 2022 and 2021, is shown below.

	2022	2021	Increase (Decrease)
<b>ASSETS</b>			
Current and Other Assets	\$ 24,075,295	\$ 19,473,286	\$ 4,602,009
Capital Assets (Depreciable Net)	136,787	209,917	(73,130)
Pension Asset	2,022,584	5,495,720	(3,473,136)
Right of Use Assets (Net)	683,488	-	683,488
Total Assets	<u>26,918,154</u>	<u>25,178,923</u>	<u>1,739,231</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows of Resources Related to OPEB	619,646	647,719	(28,073)
Deferred Outflows of Resources Related to Pensions	2,124,505	737,461	1,387,044
Total Deferred Outflows of Resources	<u>2,744,151</u>	<u>1,385,180</u>	<u>1,358,971</u>
<b>LIABILITIES</b>			
Current Liabilities	2,007,076	1,448,551	558,525
Noncurrent Liabilities	8,312,595	6,327,500	1,985,095
Total Liabilities	<u>10,319,671</u>	<u>7,776,051</u>	<u>2,543,620</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows of Resources Related to OPEB	1,117,409	1,269,277	(151,868)
Deferred Inflows of Resources Related to Pensions	2,085,492	5,701,418	(3,615,926)
Total Deferred Inflows of Resources	<u>3,202,901</u>	<u>6,970,695</u>	<u>(3,767,794)</u>
<b>NET POSITION</b>			
Investment in Capital Assets	136,787	209,917	(73,130)
Restricted	16,002,946	11,607,440	4,395,506
Total Net Position	<u>\$ 16,139,733</u>	<u>\$ 11,817,357</u>	<u>\$ 4,322,376</u>

Current and other assets consist primarily of cash, cash equivalents, investments, and accounts receivable from governments. Deferred outflows and inflows consist of deferred outflows and inflows related to pensions for PERS 1 and PERS 2/3, and for other postemployment benefits. Current liabilities consist of accounts payable, and accrued expenses. Noncurrent liabilities consist of accrued vacation and sick leave, the advance from Department of Social and Health Services (DSHS), OPEB liability, net pension liability and lease liability. The increase in net position reflects the excess of revenue over expenses as detailed in the following schedule.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

	2022	2021	Increase (Decrease)
<b>REVENUES</b>			
Intergovernmental	\$ 22,666,642	\$ 19,966,249	\$ 2,700,393
Charges for Services	2,026,538	2,187,000	(160,462)
Loss on Investments	(756,377)	(29,366)	(727,011)
Other Revenues	2,509	1,869	640
Total Revenues	<u>23,939,312</u>	<u>22,125,752</u>	<u>1,813,560</u>
<b>EXPENSES</b>			
Health and Human Services	<u>19,616,936</u>	<u>15,715,399</u>	<u>3,901,537</u>
Total Expenditures	<u>19,616,936</u>	<u>15,715,399</u>	<u>3,901,537</u>
<b>CHANGE IN NET POSITION</b>	4,322,376	6,410,353	(2,087,977)
Net Position - Beginning of Year	<u>11,817,357</u>	<u>5,407,004</u>	<u>6,410,353</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 16,139,733</u></u>	<u><u>\$ 11,817,357</u></u>	<u><u>\$ 4,322,376</u></u>

The increase in total revenues can be attributed to several things. SE WA ALTC had growth in their number of Title XIX Case Management Clients. Title XIX funding is paid on a per member per month basis. The Title XIX unit rate increased by a 24% for parity with state employees performing similar work in July of 2022. This additional funding is being applied to wage and benefit for employee recruitment and retention subject in large part to collective bargaining, and obtaining additional clinical staff required for caseload to clinical staffing ratios. The turnover rate in employees has impacted revenue over expenditures due to the churn rate of employees and number of vacancies at any given time and the length of vacancies due to labor shortages, and competition for clinical staff in southeast Washington, demand surpasses supply. Additionally, the MAC/TSOA Demonstration program continues to have significant growth in clientele and in part is responsible for some of the additional revenue. MAC/TSOA is funded with a base rate plus a clinical rate per member per month. SE WA ALTC received Consolidated Appropriations Act and American Rescue Plan Act Funds and are the 2<sup>nd</sup> and 3<sup>rd</sup> year of American Rescue Plan Act Funds which are being utilized.

SE WA ALTC has a large Medicaid Long Term Services and Supports (LTSS) population that grows exponentially each year. This is due to the aging of the population, in conjunction with Central and Southeast Washington having some of the highest rates per capita of individuals who are Medicaid eligible with chronic conditions that require home and community based long-term services and supports. The payment mechanism is a per member per month reimbursement rate. SE WA ALTC receives economies of scale based on our service delivery structure design that keeps some of its fixed costs low coupled with continuous growth of this population base. This is a large contributing factor to SE WA ALTC's revenue over expenditure.

SE WA ALTC is out of office space in their direct services offices in Yakima and Tri-Cities and is working to initiate additional office space in lower Yakima Valley. This was budgeted but not realized. The process has been slow as there is very little leasable space and new commercial development is occurring but due to supply chain issues and worker shortages has delayed a move in date to 2023. SE WA ALTC is seeking additional space for another office in the Tri-Cities but having similar issues with finding commercial property adequate for SE WA ALTC's direct services but will continue this endeavor in 2023 due to growing number of staff and limited office space.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS FINANCIAL STATEMENTS**

The general fund is the only operating fund of SE WA ALTC. At December 31, 2022, the general fund balance was \$22,599,245 however none of this is considered unrestricted fund balance. The difference of \$6,508,193 between government-wide net position and governmental general fund balance is described on the balance sheet—governmental fund. The general fund balance increased by \$6,562,320 due to total revenues exceeding expenditures specifically in operating grants and contributions. The fund balance is restricted and is assigned per resolution by the SE WA ALTC Council of Governments governing board.

**NOTES TO THE FINANCIAL STATEMENTS**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements.

**OTHER REQUIRED INFORMATION**

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

**BUDGETARY HIGHLIGHTS**

SE WA Aging and Long Term Care was greatly impacted by the pandemic and mitigation measures to respond to COVID-19 and its recovery. Many of the services had to pivot from congregate settings to telephonic wellness checks and meal pick up versus congregate nutrition throughout the first two and a half years of the pandemic. Many of the services saw a significant growth in utilization in services such as home delivered meals and meal pickup program. In 2022 SE WA ALTC returned to move typical business practices pre-pandemic, but through COVID-19 lost some infrastructure such as Adult Day Care. Additionally, regarding pre-pandemic levels of service in some service delivery sectors, such as Congregate Meal attendance has been slow, but gradually picking up.

The hallmark of Area Agency on Aging Case Management is performed largely through home visits. SE WA ALTC had to conduct telehealth visits and invest in platforms in 2020 to make this possible. In 2022 SE WA ALTC had initiated home visiting with client in the latter spring, early summer of 2022 and supplied staff with appropriate PPE to do so but also there was pivotal period moving case managers back to the office slowly throughout 2022. SE WA ALTC case management is impacted by the workers shortages and finding clinical staffing in nursing and case management with adequate credentialing has been challenging leaving longer times of vacancies that also contributed to turnover rates within our direct services office. SE WA ALTC management focused on recruitment and retention policies. Also contributing to some staffing capacity is Paid Family Medical Leave Act (PFMLA) which is consistently utilized by staff for themselves and for the medical and care issues of family. Being able to keep ahead of this trifecta of labor shortages which creates much longer vacancy times, PFMLA and turnover have been impactful on reduced expenses even whilst SE WA ALTC is attempting to grow the T XIX Case Management program.

The budgetary comparison schedule is located after the notes to the financial statements. Differences between the original budget and the final budget reflect adjustments to incorporate changes in available funding for specific activities. Grant revenue was more than final budget by \$2,886,278. Seventy-eight percent (78%) of this revenue was due to DSHS/ALTSA's delinquency in paying revenue owed in 2021, which eventually came in 2022. Additionally, the other increased revenue was due to Title XIX CM/RN increases due to rate enhancement.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**BUDGETARY HIGHLIGHTS (CONTINUED)**

Salary and Benefits were \$319,029 less than budgeted mainly due to the impact of labor shortages, longer vacations, unfilled vacancies of staff and use of PFMLA. Some staff left the workforce due to the demands on them at home with childcare, aftermath of the pandemic, and steep competition in our area for clinical and professional staff due to many of our counties in our planning and service area having some of the lowest levels of bachelor's or higher degree (Yakima and Franklin counties for example are among the lowest percentages of residents holding bachelor's or higher degrees) and the vast majority of positions within SE WA ALTC require a bachelor's degree. This makes recruitment for degreed staff a competitive market, with social work being among the largest needed degree due to some of the largest employers being State government and the limited number of college educated.

SE WA ALTC had 16,640 less hours worked by their employees from 2020 to 2021. SE WA ALTC improved its hours worked in 2022 by 56,436 from 2021 through improved recruitment and retention, however, remained below the work force capacity needed to manage direct services caseloads. The capacity issue is due to longer vacancies, increased competition, and Washington State's Paid Family Leave (PFMLA), and turnover. Although our client load grew in Title XIX and MAC/TSOA requiring additional employees in 2022 and wages were increased as were benefits. SE WA ALTC was challenged with workers being unavailable due to PFMLA and did not receive wages directly from SE WA ALTC but via PFMLA but did have some indirect costs whilst employees were on PFMLA. Additionally, SE WA ALTC had worker turnover, and longer recruitment periods due to worker shortages throughout our planning and service area.

COVID-19 continued to cause Other Services Expenditures to be under budget by a total of \$90,531. Because of the restricted contact with clients at the beginning of 2022 and contractors, reduced client home visits and reduced in-person staff training; travel expenditures were much less than in pre-COVID-19 years. This resulted in less usage of company vehicles, so much less was expended for repair and maintenance. Due to our increased use of electronic devices, less money was expended for postage.

COVID-19 continued to create less predictable budgets due to client usage and was also the cause of Vendor/Contractor Services being under budget by \$1,090,652. This was due to the loss of some service providers in 2021. We anticipated to procure some additional providers in 2022 but have been slow to recruit providers (such as adult Day Care where we lost that capacity) and additionally lower capacity in some services than anticipated due to services such as congregate meal settings not getting back to pre-pandemic levels, being a slower process than hoped. Additionally, worker shortages in home care providers that provide respite, housekeeping, and errands continues to impact service delivery.

Investment earnings in 2022 were less than the budgeted amount by \$852,824. This was primarily due to the 2022 fair market value loss on the Investment Pool totaling \$924,827 compared to a \$81 loss in 2021.

Other revenue was over budget by \$430,428 in 2022. This was the result of an increase in SE WA ALTC's operating advance from the State which increased \$429,945.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**LONG-TERM LIABILITIES**

Noncurrent liabilities consist of accrued vacation and sick leave of \$131,902 and the operating advance from DSHS of \$3,175,914 at December 31, 2022. In addition, there is a net pension liability of \$1,164,144, OPEB liability of \$3,408,584 and lease liability of \$432,051 recorded at December 31, 2022. SE WA ALTC had no long-term debt as of December 31, 2022. See Note 10 of the financial statements for additional information.

**CAPITAL ASSETS**

SE WA ALTC's investment in capital assets at December 31, 2022, is \$136,787, net of accumulated depreciation. This investment is in automobiles and equipment. During the year ended December 31, 2022, SE WA ALTC purchased equipment of approximately \$12,339. See Note 3 of the financial statements for additional information.

**ECONOMIC AND OTHER FACTORS**

SE WA ALTC is funded by State and Federal grant funding and some private contracts. Funding is subject to legislative changes in programs both at the Federal and State level. Some of this funding is more predictable. For example, the Federal Older American's Act (OAA) funding has been fairly stagnant, with some enhancement in 2019 and 2020. COVID-19 funding such as the CARES ACT, Consolidated Appropriations Act Funds and American Rescue Plan Act funds helped enhance revenue and needed service delivery, but there is concern about the sustainability of these programs after the last of the COVID-19 funds run out in 2024.

The COVID-19 outbreak did bring some stimulus funding for 2020 through 2024 to assist with Older American's Act programs such as Senior Nutrition, Access, and In-home services, and OAA Family Caregiver programs. The State Legislature closed in 2022 with significant enhancement to Title XIX Case Management and Nursing Services for parity with the State of Washington. However, with the COVID-19 outbreak the Stay-at-Home mitigation also brings with it some economic challenges for the State of Washington and the Nation. Thus, future funding enhancements may be at risk as well as other programs moving forward. However, given that the home and community based service delivery system to the most vulnerable populations presents not only as the number one choice for older adults and adults with disabilities, it has saved the State and Federal government significant public funds by mitigating acute care medical costs, and the higher costs of institutional settings such as skilled nursing facilities. It will all be contingent upon how deep the economic crisis resulting from the COVID-19 pandemic and the resulting inflation and geopolitical issues will be.

Currently, SE WA ALTC continues to have a steady growth in its Title XIX In-home care program. Additionally, the State Legislature did enhance the Title XIX rates for parity with the State for the Area Agencies on Aging. The worker shortages, however, are continued challenge, although SE WA ALTC has put mitigation efforts in place to include enhancements to wages and benefits, competition is very steep for the limited number of available work force for those workers who have a bachelor's degree or greater in our region.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**ECONOMIC AND OTHER FACTORS (CONTINUED)**

SE WA ALTC has a unique direct service structure in that our direct services are delivered under one umbrella. Staff in our direct service offices are cross trained in our various programs. Offices share space, utilities, phone systems, and allocations are based on FTE service time per program. This model reduces the administrative and fixed costs overall and provides economies of scale. SE WA ALTC has had long term leases in these buildings paying below market for leases, but has outgrown many of the offices, thus needing to expand office space, which there is a limited supply and the commercial property being newly built has been delayed in completing the projects due to labor shortages and supply chains. This assists with keeping expenses down, coupled with consistent growth in our Title XIX Case Management client caseload. This model also assists with referral systems back and forth between programs to better meet client needs and provide more robust service delivery to our most vulnerable clients, as our clinicians are very familiar with all the program services. In addition, it assists with smoother new program implementation, which is made evident when SE WA ALTC starts new programs as they are often able to reach higher numbers of clients due to this model of services. SE WA ALTC has six direct services offices and one contracted office in Garfield County. The direct service office in Kennewick serves both Benton and Franklin counties. They had planned to expand additional offices in lower Yakima Valley and Franklin County, but due to delays this was pushed into 2023.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of SE WA AL TC's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Dulce Jenck, Fiscal Manager, P.O. Box B349, Yakima, WA 98908.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE  
STATEMENT OF NET POSITION—GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2022**

	Governmental Activities
<b>ASSETS</b>	
Cash, Cash Equivalents, and Investments	\$ 19,439,966
Accounts Receivable from Governments	4,495,842
Prepaid Expenses	139,487
Capital Assets, Net of Accumulated Depreciation	136,787
Net Pension Asset	2,022,584
Right of Use Assets	683,488
Total Assets	<u>26,918,154</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Outflows of Resources Related to OPEB	619,646
Deferred Outflows of Resources Related to Pensions	2,124,505
Total Deferred Outflows	<u>2,744,151</u>
<b>LIABILITIES</b>	
Accounts Payable and Accrued Expenses	1,081,741
Accrued Wages Payable	257,217
Accrued Payroll Taxes Payable	126,236
Accrued Compensated Absences, Due Within One Year	253,946
OPEB Liability, Due Within One Year	23,947
Lease Liability, Due Within One Year	263,989
Noncurrent Liabilities - Due in More than One Year:	
Accrued Compensated Absences	131,902
Due to Other Governments - State Advance	3,175,914
OPEB Liability	3,408,584
Net Pension Liability	1,164,144
Lease Liability	432,051
Total Liabilities	<u>10,319,671</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Inflows of Resources Related to OPEB	1,117,409
Deferred Inflows of Resources Related to Pensions	2,085,492
Total Deferred Inflows	<u>3,202,901</u>
<b>NET POSITION</b>	
Investment in Capital Assets	136,787
Restricted - MAC/TSOA Program	2,626,960
Restricted - Related to Pension	2,061,597
Restricted - ALTSA Funded Programs	11,314,389
Total Net Position	<u><u>\$ 16,139,733</u></u>

See accompanying Notes to Financial Statements.



**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE  
STATEMENT OF ACTIVITIES—GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

		Program Revenues		Net (Expense) Revenue and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Total
<b>FUNCTIONS/PROGRAMS</b>				
Governmental Activities:				
General Government:				
Social Services	\$ 19,616,936	\$ 2,026,538	\$ 22,666,642	\$ 5,076,244
Total Government				
<b>GENERAL REVENUES</b>				
Loss on Investments				(756,377)
Other Revenues				2,509
Total General Revenue				(753,868)
<b>CHANGE IN NET POSITION</b>				4,322,376
Net Position - Beginning of Year				11,817,357
<b>NET POSITION - END OF YEAR</b>				\$ 16,139,733

See accompanying Notes to Financial Statements.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE  
BALANCE SHEET—GOVERNMENTAL FUND  
DECEMBER 31, 2022**

	General Fund
<b>ASSETS</b>	
Cash, Cash Equivalents, and Investments	\$ 19,439,966
Accounts Receivable from Governments	4,495,842
Prepaid Expenditures	139,487
Total Assets	<u>\$ 24,075,295</u>
<b>LIABILITIES</b>	
Accounts Payable and Accrued Expenditures	\$ 1,081,741
Accrued Wages Payable	257,217
Accrued Payroll Taxes Payable	126,236
Total Liabilities	<u>1,465,194</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable Revenue	10,856
Total Deferred Inflows of Resources	<u>10,856</u>
<b>GENERAL FUND BALANCE</b>	
Nonspendable (Prepaid Expenditures)	138,487
Restricted (ALTSA Funded Programs)	14,992,393
Restricted (MAC/TSOA Program)	2,626,960
Assigned to:	
Retained Minimum	4,343,655
Liability Claim Litigation Fund	170,000
Equipment Replacement	327,750
Total General Fund	<u>22,599,245</u>
Total Liabilities and Fund Balances	<u>\$ 24,075,295</u>
Fund Balance Reported Above	\$ 22,599,245
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds.	136,787
Right-of-Use Assets	683,488
Net Pension Asset	2,022,584
Deferred Outflows of Resources	2,744,151
Revenues in the Statement of Activities That Do Not Provide Unavailable Current Resources in the Funds	10,856
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued Compensated Absences	(385,848)
Due to Other Governments - State Advance	(3,175,914)
OPEB Liability	(3,432,531)
Net Pension Liability	(1,164,144)
Lease Liability	(696,040)
Deferred Inflows of Resources	<u>(3,202,901)</u>
Net Position of Governmental Activities	<u>\$ 16,139,733</u>

See accompanying Notes to Financial Statements.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE—GOVERNMENTAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	General Fund
<b>REVENUES</b>	
Intergovernmental:	
Operating Grants and Contributions - Social Services	\$ 24,925,908
Charges for Services - Social Services	<u>2,015,682</u>
Total Intergovernmental	26,941,590
Loss on Investments	(725,370)
Other	<u>2,509</u>
Total Revenues	26,218,729
<b>EXPENDITURES</b>	
Current:	
Social Services	19,627,605
Capital Outlays	178,558
Debt Service	
Principal	414,513
Interest	<u>31,897</u>
Total Expenditures	<u>20,252,573</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	5,966,156
<b>OTHER FINANCING SOURCES</b>	
Additional Advances from State	429,945
Lease Proceeds	<u>166,219</u>
Total Other Financing Sources	<u>596,164</u>
<b>NET CHANGE IN FUND BALANCE</b>	6,562,320
Fund Balance - Beginning of Year	<u>16,036,925</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 22,599,245</u></u>
Net Change in Fund Balance for Governmental Funds	\$ 6,562,320
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures in the statement of activities, the cost of those assets and right-of-use assets are depreciated over their estimated useful lives:	
Capital Outlays	178,558
Depreciation and Amortization	(512,535)
Lease proceeds are recorded as revenue in governmental funds and as lease liabilities in the statement of net position.	(166,219)
Repayment of long-term debt is reported as expenditures in the governmental funds and as reductions of long-term liabilities in the statement of net position.	414,513
Compensated Absences	17,828
Unavailable Revenue	(2,248,410)
Pension Expense Adjustments	889,990
OPEB Expense Adjustments	(383,724)
State Advance Adjustments	<u>(429,945)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 4,322,376</u></u>

See accompanying Notes to Financial Statements.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The financial statements of Southeast Washington Aging and Long Term Care (SE WA ALTC) have been prepared in conformity with accounting principles generally accepted in the United States of America (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.

**Reporting Entity**

SE WA ALTC was formed in January 2015, by execution of an Interlocal Government Cooperation Agreement pursuant to Revised Code of Washington 35.21.730 through 35.21.755. Previously the SE WA ALTC operated as a special revenue fund of Yakima County.

SE WA ALTC operates as a single purpose Council of Governments entity to provide services to Asotin, Benton, Columbia, Franklin, Garfield, Kittitas, Walla Walla, and Yakima Counties. The Governing Board is composed of one County Commissioner from each of the eight participating counties in the Public Service Area (PSA). As required by GAAP, the financial statements include the financial position and results of operations of all funds controlled by SE WA ALTC.

**Related Parties**

SE WA ALTC has identified the following related parties:

- Washington Department of Social and Human Services (DSHS) – Provides legal authority to operate. Also, DSHS is the major source of funding.
- Columbia County – Member of the Interlocal Government Agreement that formed SE WA ALTC. Provides one member of the Governing Board of Directors.
- Garfield County – Member of the Interlocal Government Agreement that formed SE WA ALTC. Provides one member of the Governing Board of Directors.
- Kittitas County – Member of the Interlocal Government Agreement that formed SE WA ALTC. Provides one member of the Governing Board of Directors.
- Walla Walla County – Member of the Interlocal Government Agreement that formed SE WA ALTC. Provides one member of the Governing Board of Directors.
- Yakima County – Member of the Interlocal Government Agreement that formed SE WA ALTC. Provides one member of the Governing Board of Directors.
- Asotin County – Member of the Interlocal Government Agreement and governing board member joining the Council of Governments Governing Body in May 2016. They provide one member of the Governing Board of Directors.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Related Parties (Continued)**

- Benton County – Member of the Interlocal Government Agreement and governing board member joining the Council of Governments Governing Body in November 2018. They provide one member of the Governing Board of Directors.
- Franklin County – Member of the Interlocal Government Agreement and governing board member joining the Council of Governments Governing Body in April 2020. They provide one member of the Governing Board of Directors.

All revenue and expenditure amounts with related parties are for services provided, services or goods received, or contracted obligations.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position – governmental activities and the statement of activities – governmental activities) report information on all of the nonfiduciary activities of the primary government. Governmental activities are supported by intergovernmental revenues. SE WA ALTC does not have any business type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. SE WA ALTC's policy is to allocate indirect costs to a specific function or program. Program revenues include: reimbursement due from Aging and Long Term Support Administration (AL TSA) for programs as listed in Note 9 that includes Management Care Organizations for Care Coordination Services for Health Home Services, Nutrition Services Incentive Program, Veteran Directed Home Services, Senior Drug Education, Senior Farmers Market Nutrition Program, Health Home Lead and Care Coordination Activities, Health Care Authority, Signal Health, University of Washington (GWEC) and contributions that are restricted to meeting the operational or capital requirements of a particular function or program.

Separate financial statements are provided for governmental funds. SE WA ALTC has only one governmental fund – the general fund. The general fund is SE WA ALTC's operating fund. It accounts for all financial resources of the general government.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements expenditures 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.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation  
(Continued)**

Governmental fund financial statements (i.e., the balance sheet – governmental fund and the statement of revenues, expenditures, and changes in fund balance – governmental fund) 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, SE WA ALTC considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred and due within one year.

**Budgetary Information**

SE WA ALTC's budget requirements are mandated by ALTSA. The budget as adopted constitutes the legal authority for expenditures. In 2018, SE WA ALTC's Older Americans Act funding switched from a 12-month to a 21-month funding period. Now this funding ends on September 30 of the subsequent year. There are other contracts that have fiscal years that ended on June 30, August 31, and September 30. SE WA ALTC re-budgets funds for subsequent years.

Transfers or revisions are generally allowed up to a total of 10% of the grant amount; however, ALTSA must approve supplemental or additional appropriations.

The budget amounts shown in the required supplementary information are the final authorized amounts as revised during the year and approved by SE WA ALTC's Governing Board.

The required supplementary information contains 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 year.

**Adoption of New Accounting Standards**

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

SE WA ALTC adopted the requirements of the guidance effective January 1, 2022, and has applied the provisions of this standard to the beginning of the period of adoption. See Note 12.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash, Cash Equivalents, and Investments**

SE WA ALTC considers all investments with an original maturity of 90 days or less and investments in the Yakima County Treasurers Investment Pool (YCTIP) to be cash equivalents.

Investments are in the custody of the Yakima County Treasurer. In this capacity, the County Treasurer receives deposits and transacts investments on SE WA ALTC's behalf.

**Receivables**

Accounts receivable from governments are primarily from ALTSA.

Other accounts receivable consists of amounts owed from individuals or organizations for services rendered.

**Receivables (Continued)**

Management is of the opinion that receivables will be fully collectible. An allowance for doubtful accounts has not been established for the year ended December 31, 2022.

**Prepaid Expenditures/Expenses**

SE WA ALTC accounts for prepaid expenditures/expenses using the consumption method. The purchase is reported as an asset and the recognition of the expenditure/expense is deferred until the period in which the prepaid item is actually incurred.

**Capital Assets**

Capital assets, primarily office equipment and vehicles, are reported in the government-wide financial statements. Capital assets are defined by SE WA ALTC 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.

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.

Office equipment and vehicles are typically depreciated using the straight-line method with an estimated useful life of five and seven years, respectively.

**Leases**

SE WA ALTC determines if an arrangement is a lease at inception. Lessee arrangements are included in right-of-use (ROU) lease assets and lease liabilities in the statement of net position. ROU lease assets represent SE WA ALTC's right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. ROU Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases (Continued)**

ROU Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. Lease liabilities represent SE WA ALTC's obligation to make lease payments arising from the lessee arrangement. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that SE WA ALTC will exercise that option. SE WA ALTC has elected to recognize payments for short-term leases with a lease term of 12 months or less and leases with a present value of less than five thousand dollars as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statements of net position.

**Deferred Outflows/Inflows of Resources**

In addition to assets and liabilities, the financial statements report separate sections for deferred outflows and inflows of resources. These separate financial statement elements, *deferred outflows and inflows of resources*, represents an acquisition or consumption of net position that applies to a future period(s) and so will not be recognized as an outflow (expense/expenditures) or an inflow of resources (revenue) until that time.

**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. For the purposes of calculating the restricted net position related to the net pension asset, SE WA ALTC includes the net pension asset and the related deferred outflows and inflows.

**Due to Other Governments – State Advance**

Amounts due to other governments are due to DSHS for a two-month working capital advance of service dollars. SE WA ALTC shall submit to DSHS, on forms provided by the DSHS and by a date determined by DSHS, a completed Documentation of Funds form (DOF) from which DSHS shall assess whether or not an adjustment to the amount of the Long-Term Payable provided to the Contractor is warranted. Repayment requirements shall be based upon DSHS assessment of the most recent annual DOF submitted by the contractor to DSHS. Any long-term payable funds not fully utilized by the contractor as determined by DSHS through the DOF process, shall be refunded to DSHS by May 31 of each year. SE WA ALTC shall repay to the DSHS all of the Long-Term Payable funds received from DSHS that exceed the amounts that DSHS determines is warranted. Any interest earned on the Long-Term Payable funds shall only be utilized for the DSHS programs or services for which the funds were originally designated.



**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Compensated Absences**

Compensated absences are absences for which employees could be paid, such as paid time off (PTO), sick leave and Washington State Paid Family and Medical Leave. PTO leave may be accumulated up to 40 working days and is payable upon leaving employment with SE WA ALTC. At December 31, 2022, recorded accumulated PTO leave is \$371,920. Employees formerly employed by Yakima County were allowed to bring forward their sick leave banks. 12 hours of sick leave is accrued every January 1<sup>st</sup> and July 1<sup>st</sup>. All sick leave accrual expires December 31, 2024 unless mutually agreed upon for successor CBA(s). Sick leave will be paid out at 25% of any remaining balance upon retirement or death. Total recorded sick leave amounts to \$13,928 for total leave benefits of \$385,848 recorded at December 31, 2022.

**Fund Balance Classifications**

The fund balance amounts for governmental funds have been classified in accordance with GASB Statement No. 54. The purpose of this statement is to report fund balances based upon the relative strength of the constraints that control how specific amounts can be spent. The following classes of fund balance are presented: Nonspendable, restricted, committed, assigned, and unassigned.

*Nonspendable* fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term amount of loans/notes receivable, or property acquired for resale unless those proceeds are restricted, committed, or assigned) and activity that is legally or contractually required to be maintained intact, such as a principal balance in a permanent fund.

*Restricted* fund balances have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

*Committed* fund balances can be used only for specific purposes pursuant to constraints imposed by an approved Resolution of the Board, the Agency's highest level of decision-making authority.

*Assigned* fund balance includes amounts that are constrained by SE WA ALTC's intent to be used for a specific purpose but are neither restricted nor committed. SE WA ALTC's Board of Commissioners retains the authority to assign fund balance for a specific purpose. A Board Resolution must be adopted by the board in order to assign fund balance for a specific purpose.

*Unassigned* fund balance is the residual amount of the General Fund not included in the four categories described above.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Balance Classification (Continued)**

When expenditures are incurred for purposes for which either restricted or unrestricted amounts are available, SE WA ALTC considers restricted funds to have been spent first. Within the unrestricted fund balance classification, committed amounts are reduced first followed by assigned, then unassigned amounts when expenditures are incurred for the purposes for which any of the unrestricted fund balance classifications could be used.

**Minimum Fund Balance**

The Board of Commissioners of SE WA ALTC has adopted a minimum fund balance policy classified as Retained Minimum, which is part of the Assigned Fund Balance. SE WA ALTC will seek to maintain a minimum retained fund balance of 25% of all expenditures in the preceding fiscal year. The Retained Minimum is intended to be used in the event of unanticipated circumstances and will be used in the following order:

- 1) Ensure risk management of internal programs and processes that help mitigate risk to SE WA ALTC.
- 2) One-time operational expenses and/or expenses that can help alleviate other ongoing expenditures.
- 3) Provided to consumers of service within the participating member counties of the SE WA ALTC Council of Governments.
- 4) One-time services that do not require ongoing operational and routine year-to-year expenditures.

The Board of Commissioners of SE WA ALTC has also established the following assigned fund balance policies.

**Litigation Claim Liability**

This amount is intended to be reserved for liability claims and litigation. The amount assigned at December 31, 2022, was \$170,000.

**Equipment Replacement**

The amount assigned for equipment replacement at December 31, 2022, was \$327,750.

**Use of Estimates**

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from these estimates.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 2 DEPOSITS AND INVESTMENTS**

**Deposits**

Cash on hand at December 31, 2022, was \$1,750. SE WA ALTC's bank balance as of December 31, 2022, was \$334,825 including bank balances with the Yakima County Treasurer.

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, SE WA ALTC would not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. SE WA ALTC's deposits and certificates of deposit are 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).

**Investments**

SE WA ALTC is a participant in the Yakima County Treasurer's Investment Pool (YCTIP or Pool). SE WA ALTC reports its investment in the Pool at the fair value of the pools underlying assets. The stated value per share is \$1. The Yakima County Finance Committee provides oversight of the Pool. The responsibility for managing the pool resides with the County Treasurer. The Pool is established from RCW 36.29 which authorizes the County Treasurer to invest the funds of participants. The Pool's investment policy is established by the Yakima County Finance Committee consisting of the county treasurer as chair, the county auditor as secretary and the chair of the board of county commissioners. The Pool does not have a credit rating and had a weighted average maturity of 2.225 years as of December 31, 2022.

SE WA ALTC's investments as of December 31, 2022, included \$20,028,218 in the Yakima County Treasurer's Investment Pool. The fair value of these investments was \$19,103,391.

SE WA ALTC's participation in the Yakima County Treasurer's Investment Pool (YTIP) is voluntary. The YTIP allows for daily liquidity to the participants and there is no maturity date for pooled investments. Investment Authorization Forms for deposits and withdrawals must be delivered no later than noon the day prior to the desired transaction. Withdrawals of \$5,000,000 or more require notification two weeks in advance of the planned withdrawal date. Interest is distributed monthly based on the average daily balance a fund maintains in the pool, and is calculated using actual number of days in the prior month, based on a 360-day year, less the administrative fee.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 3 CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2022, was as follows:

	*			
	Balance			Balance
Governmental Activities	1/1/2022	Increases	Decreases	12/31/2022
Capital Assets Being Depreciated:				
Equipment and Vehicles	\$ 838,820	\$ 12,339	\$ 10,040	\$ 841,119
Right of Use Asset - Buildings	914,411	166,219	165,274	915,356
Right of Use Asset - Equipment and Other	29,924	-	-	29,924
Total Capital Assets Being Depreciated	<u>1,783,155</u>	<u>178,558</u>	<u>175,314</u>	<u>1,786,399</u>
Less Accumulated Depreciation and Amortization for:				
Equipment and Vehicles	628,903	85,469	10,040	704,332
Right of Use Asset - Buildings	-	416,790	165,274	251,516
Right of Use Asset - Equipment and Other	-	10,276	-	10,276
Total Accumulated Depreciation and Amortization	<u>628,903</u>	<u>512,535</u>	<u>175,314</u>	<u>966,124</u>
Total Capital Assets Being Depreciated and Amortized, Net	<u>1,154,252</u>	<u>(333,977)</u>	<u>-</u>	<u>820,275</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 1,154,252</u></u>	<u><u>\$ (333,977)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 820,275</u></u>

\* Restated to reflect the implementation of GASB 87

Depreciation and amortization expense in the amount of \$512,535 was charged to Social Services function in the statement of activities – governmental activities.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 4 OTHER POSTEMPLOYMENT BENEFITS**

The following table represents the aggregate Other Postemployment Benefits (OPEB) for the year 2022:

<u>Aggregate Other Post Employment Benefit (OPEB)</u>	<u>Amount</u>
Total OPEB Liability	\$ (3,432,531)
Deferred Outflows of Resources	619,646
Deferred Inflows of Resources	(1,117,409)
OPEB Expense/Expenditures	401,119

**General Information about the OPEB Plan**

**Plan Description**

OPEB are benefits to retired employees beyond those provided by their pension plans. Such benefits include medical, prescription drug, dental, life, vision, disability, and long-term care insurance. The Public Employees Benefits Board (PEBB), SE WA ALTC's substantive plan carrier, offers retirees access to all these benefits through PEBB. However, SE WA ALTC provides only monetary assistance, or subsidies, for medical, prescription drug, life, and vision insurance. SE WA ALTC employees who end public employment are eligible to continue PEBB insurance coverage as a retiree if they retire under the public employees' retirement system and are vested in that system. For financial reporting purposes the plan is a single-employer defined benefit OPEB plan.

**Benefits Provided**

The Washington State Health Care Authority (HCA) administers PEBB plan benefits. For medical insurance coverage, the HCA has two claims pools: one covering employees and non-Medicare eligible retirees, and the other covering retirees enrolled in Medicare Parts A and B. Each participating employer pays a portion of the premiums for active employees. For retirees, participating employers provide two different subsidies: an explicit subsidy and an implicit subsidy.

The explicit subsidies are monthly amounts paid per post-65 retiree and spouse. As of the valuation date, the explicit subsidy for post-65 retirees and spouses is the lesser of \$183 or 50% of the monthly premiums. The retirees and spouses currently pay the premium minus \$183 when the premium is over \$366 per month and pay half the premium when the premium is lower than \$366.

The implicit medical subsidy is the difference between the total cost of medical benefits and the premiums. For pre-65 retirees and spouses, the retiree pays the full premium amount, but that amount is based on a pool that includes active employees. Active employees will tend to be younger and healthier than retirees on average, and therefore can be expected to have lower average health costs. For post-65 retirees and spouses, the retiree does not pay the full premium due to the subsidy discussed above.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 4 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**General Information about the OPEB Plan (Continued)**

**Employees Covered by Benefit Terms**

At December 31, 2022, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefit Payments	1
Inactive Employees Entitled to but Not	
Yet Receiving Benefit Payments	-
Active Employees	136

The plan is funded on a pay-as-you-go basis and there are no assets accumulated in a qualifying trust.

**Contributions**

The OPEB relationship between PEBB employers and their employees and retirees is not formalized in a contract or plan document. Rather, the benefits are provided in accordance with a substantive plan. A substantive plan is one in which the plan terms are understood by the employers and plan members. This understanding is based on communications between the employers and plan members and the historical pattern of practice with regard to the sharing of benefit costs. Employees are required to contribute to the plan amounts in excess of what is determined in SE WA ALTC's collective bargaining agreement.

**Total OPEB Liability**

SE WA ALTC's total OPEB liability was measured as of December 31, 2021, and was determined by an actuarial valuation dated July 1, 2021, rolled forward to the December 31, 2021, measurement date.

**Actuarial Assumptions and Other Inputs**

The total OPEB liability was determined using the following actuarial assumptions, and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Price Inflation	2.75%
Salary Increases	3.50%, salaries are also expected to grow by promotions and longevity
Discount Rate	2.06%, based on Bond Buyer General Obligation 20-bond municipal bond index for bonds that mature in 20 years.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 4 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Health Cost Trend**

<u>Year Ended December 31,</u>	<u>Pre-65 Claims and Contributions</u>	<u>Post-65 Claims</u>	<u>Post-65 Contributions</u>
2022	5.40%	8.90%	13.40%
2023	5.20%	8.90%	12.20%
2024	5.10%	5.10%	5.30%
2025	5.10%	5.10%	5.30%
2035	5.20%	5.10%	5.20%
2045	5.30%	5.20%	5.30%
2055	5.10%	5.10%	5.20%
2065	5.00%	4.90%	4.90%
2075	4.30%	4.30%	4.30%
2085	4.30%	4.30%	4.30%
2095	4.30%	4.30%	4.30%
2096+	4.30%	4.30%	4.30%

**Dental Cost Trend**

<u>Year Ended December 31,</u>	<u>Trend</u>
2022	2.50%
2023	3.50%
2024	4.00%
2025	4.00%
Thereafter	4.00%

Mortality rates were based on the RP-2000 Base Mortality Table, adjusted by -1 year for both males and females, with generational mortality adjustments using projection scale BB.

**Changes Since Last Valuation**

- The discount rate changed from 2.74% to 2.06%

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 4 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Changes in the Total OPEB Liability**

	Increase (Decrease) Total OPEB Liability
Changes in Total OPEB Liability	
Balance as of December 31, 2021	\$ 2,925,011
Changes for the Year:	
Service Cost	401,919
Interest on Total OPEB Liability	70,410
Effect of Plan Changes	-
Effect of Economic/Demographic Gains or Losses	-
Effect of Assumptions Changes or Inputs	46,710
Benefit Payments	<u>(11,519)</u>
Balance as of December 31, 2022	<u>\$ 3,432,531</u>

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Health Care Cost Trend Rates**

The following presents the total OPEB liability of SE WA ALTC, as well as what SE WA ALTC's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.06%) or 1-percentage-point higher (3.06%) than the current discount rate:

	1% Decrease 1.06%	Discount Rate 2.06%	1% Increase 3.06%
Proportionate Share of Collective Total OPEB Liability	\$ 4,294,631	\$ 3,432,531	\$ 2,773,232

**Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates**

The following presents the total OPEB liability of the area agency on aging, calculated using the current healthcare cost trend rates as well as what the area agency on aging's total OPEB liability would be if it were calculated using trend rates that are one percentage point lower or one percentage point higher than the current trend rates:

	1% Decrease	Current Trend Rates	1% Increase
Proportionate Share of Collective Total OPEB Liability	\$ 2,608,222	\$ 3,432,531	\$ 4,597,429



**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 4 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Changes in the Total OPEB Liability (Continued)**

**Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates  
(Continued)**

For the year ended December 31, 2022, SE WA ALTC recognized OPEB expense as follows:

	<u>OPEB Expense</u>
Service Cost	\$ 401,919
Interest on Total OPEB Liability	70,410
Effect of Plan Changes	-
Recognition of Deferred (Inflows)/Outflows of Resources	-
Recognition of Economic/Demographic (Gains) or Losses	(34,236)
Recognition of Assumptions Changes or Inputs	<u>(36,974)</u>
Balance as of December 31, 2022	<u><u>\$ 401,119</u></u>

At December 31, 2022, SE WA ALTC reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences Between Expected and Actual Experience	\$ (360,971)	\$ 17,669
Changes of Assumptions	(756,438)	584,583
Contributions Made Subsequent to the Measurement Date	-	17,394
Total	<u><u>\$ (1,117,409)</u></u>	<u><u>\$ 619,646</u></u>

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 4 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

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

Deferred outflows for contributions made subsequent to the measurement date will be recognized in 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Period Ending December 31,</u>	<u>Amount</u>
2023	\$ (71,210)
2024	(71,210)
2025	(71,210)
2026	(71,210)
2027	(63,272)
Thereafter	(167,045)
Total	<u>(515,157)</u>

**NOTE 5 PENSION PLANS**

The following table represents the aggregate pension amounts for all plans for the year 2022:

<u>Aggregate Pension Amounts - All Plans</u>	<u>Amount</u>
Net Pension Liabilities	\$ (1,164,144)
Net Pension Asset	2,022,584
Deferred Outflows of Resources	2,124,505
Deferred Inflows of Resources	(2,085,492)
Pension Expense/Expenditures	(126,105)

**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 annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan.

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

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE  
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**NOTE 5 PENSION PLANS (CONTINUED)**

**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 2% 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 nonduty 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.

The PERS Plan 1 member contribution rate is established by state statute at 6%. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18%. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2022 were as follows:

PERS Plan 1	Employer	Employee
January - August 2022:		
PERS Plan 1	6.36 %	6.00 %
PERS Plan 1 UAAL	3.71	-
Administrative Fee	0.18	-
Total	10.25 %	6.00 %
September - December 2022:		
PERS Plan 1	6.36 %	6.00 %
PERS Plan 1 UAAL	3.85	-
Administrative Fee	0.18	-
Total	10.39 %	6.00 %

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 5 PENSION PLANS (CONTINUED)**

**Public Employees' Retirement System (PERS) (Continued)**

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

- With a benefit that is reduced by 3% 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 5% 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 nonduty disability payments, a cost-of-living allowance (based on the CPI), capped at 3% 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 10 years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5% and escalate to 15% with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

The PERS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18%. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 5 PENSION PLANS (CONTINUED)**

**Public Employees' Retirement System (PERS) (Continued)**

The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2022 were as follows:

PERS Plan 2/3	Employer	Employee
January - August 2022:		
PERS Plan 2/3	6.36 %	6.36 %
PERS Plan 1 UAAL	3.71	-
Administrative Fee	0.18	-
Employee PERS Plan 3	-	Varies
Total	10.25 %	6.36 %
September - December 2022:		
PERS Plan 2/3	6.36 %	6.36 %
PERS Plan 1 UAAL	3.85	-
Administrative Fee	0.18	-
Employee PERS Plan 3	-	Varies
Total	10.39 %	6.36 %

SE WA ALTC's actual PERS Plan contributions were \$283,826 to PERS Plan 1 and \$480,058 to PERS Plan 2/3 for the year ended December 31, 2022.

**Actuarial Assumptions**

The total pension liability/asset (TPL/A) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2022 with a valuation date of June 30, 2021. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Demographic Experience Study and the 2021 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2021 actuarial valuation report. The TPL/A was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2022. Plan liabilities were rolled forward from June 30, 2021, to June 30, 2022, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.25% salary inflation
- **Salary Increases:** In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment Rate of Return:** 7.00%

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 5 PENSION PLANS (CONTINUED)**

**Actuarial Assumptions (Continued)**

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status (e.g. active, retiree, or survivor), as the base table. 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 of Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

Methods did not change from the prior contribution rate setting June 30, 2019 Actuarial Valuation Report (AVR), however OSA introduced a temporary method change to produce asset and liability measures for the June 30, 2020 AVR. There were also the following assumption changes:

- OSA updated the Joint-and-Survivor Factors and Early Retirement Factors in the model. Those factors are used to value benefits for early retirement and survivors of members that are deceased prior to retirement. These factors match the administrative factors provided to DRS for future implementation that reflect current demographic and economic assumptions.
- OSA updated the economic assumptions based on the 2021 action of the Pension Funding Council. The investment return assumption was reduced from 7.5% to 7.0%, and the salary growth assumption was lowered from 3.5% to 3.25%. This action is a result of recommendations from OSA's biennial economic experience study.

**Discount Rate**

The discount rate used to measure the total pension liability for all DRS plans was 7.0%.

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 7.0% was used to determine the total liability.

**Long-Term Expected Rate of Return**

The long-term expected rate of return on the DRS pension plan investments of 7.0% 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.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE  
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**NOTE 5 PENSION PLANS (CONTINUED)**

**Estimated Rates of Return by Asset Class**

The table below summarizes the 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, 2022. The inflation component used to create the table is 2.2% and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20 %	1.50 %
Tangible Assets	7	4.70
Real Estate	18	5.40
Global Equity	32	5.90
Private Equity	23	8.90
Total	100 %	

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

The table below presents the SE WA ALTC proportionate share\* of the net pension liability (asset) calculated using the discount rate of 7%, as well as what the SE WA ALTC proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6%) or 1-percentage point higher (8%) than the current rate.

Plan	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
PERS 1	\$ 1,555,280	\$ 1,164,144	\$ 822,774
PERS 2/3	2,381,857	(2,022,584)	(5,641,110)

**Pension Plan Fiduciary Net Position**

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

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

At December 31, 2022, SE WA ALTC reported its proportionate share of the net pension liability of \$1,164,144 and net pension asset of \$2,022,584 as follows:

Plan	Liability (Asset)
PERS 1	\$ 1,164,144
PERS 2/3	(2,022,584)

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 5 PENSION PLANS (CONTINUED)**

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

At June 30, 2022, SE WA ALTC's proportionate share of the collective net pension liabilities was as follows:

Plan	Proportionate Share 12/31/2021	Proportionate Share 12/31/2022	Change in Proportion
PERS 1	0.042932 %	0.041810 %	(0.001122)%
PERS 2/3	0.055169 %	0.054535 %	(0.000634)%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2022 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans.

**Pension Expense**

For the year ended December 31, 2022, SE WA ALTC recognized pension expense as follows:

Plan	Pension Expense
PERS 1	\$ 502,824
PERS 2/3	(628,929)
Total	<u>\$ (126,105)</u>

**Deferred Outflows of Resources and Deferred Inflows of Resources**

At December 31, 2022, SE WA ALTC 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	-	(192,932)
Changes of Assumptions	-	-
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	-	-
Contributions Subsequent to the Measurement Date	154,560	-
Total	<u>\$ 154,560</u>	<u>\$ (192,932)</u>



**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 5 PENSION PLANS (CONTINUED)**

**Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)**

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 501,149	\$ (45,787)
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	(1,495,311)
Changes of Assumptions	1,127,311	(295,170)
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	83,027	(56,292)
Contributions Subsequent to the Measurement Date	258,458	-
Total	<u>\$ 1,969,945</u>	<u>\$ (1,892,560)</u>

Deferred outflows of resources related to pensions resulting from the SE WA ALTC contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or an addition to the net pension asset in the year ended December 31, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	PERS 1
2023	\$ (81,645)
2024	(74,155)
2025	(93,025)
2026	55,893
Total	<u>\$ (192,932)</u>

<u>Year Ending December 31,</u>	PERS 2/3
2023	\$ (418,233)
2024	(401,398)
2025	(508,082)
2026	673,533
2027	235,209
Thereafter	237,898
Total	<u>\$ (181,073)</u>

**NOTE 6 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 7 RISK MANAGEMENT**

Southeast WA ALTC Council of Governments is a member of the Enduris Washington (Pool). 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. For the Pool's fiscal year ended August 31, 2022, there were 527 Enduris members representing a broad array of special purpose districts throughout the state.

The Enduris program provides for various forms of joint self-insurance and reinsurance coverage for its members: Liability coverage, which includes: General Liability, Automobile Liability, Public Officials' Errors and Omissions liability, Terrorism liability and Employment Practices liability; Property coverage, which includes: Building and Contents, Mobile Equipment, Boiler and Machinery, and Business Interruption/Extra Expense; Automobile Physical Damage coverage; Cyber coverage; Crime blanket coverage; Named Position coverage; and an Identity Fraud reimbursement policy. Pollution and Cyber coverage are provided on a claims made coverage form. Crime coverage is provided on a discovery form. All other coverage is provided on an occurrence coverage form.

Members are responsible for a coverage deductible or co-pay on each covered loss. Each policy year members receive a Memorandum of Coverage (MOC) outlining the specific coverage, limits, and deductibles/co-pays that are applicable to them. In certain cases the Pool may allow members to elect to participate in the programs at limits, coverage, deductibles, and co-pays that are specific to their needs. Enduris is responsible for payment of all covered losses above the member retention, up to the Pool self-insured retention (SIR). Enduris acquires excess/reinsurance from unrelated insurance companies to cover losses above the Pool's SIR up to the coverage maximum limit of liability. The tables below reflect the Pool's SIR, reinsurance limits and member deductibles/co-pays by coverage type.

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays <sup>(1)</sup>
<b>Liability:</b>				
Comprehensive General Liability	Per Occurrence	\$1 million	\$20 million	\$1,000 - \$100,000
Automobile Liability	Per Occurrence	\$1 million	\$20 million	\$1,000 - \$100,000
Public Officials Errors and Omissions Liability	Each Wrongful Act Member Aggregate	\$1 million	\$20 million \$20 million	\$1,000 - \$100,000
Terrorism Liability <sup>(2)</sup>	Per Occurrence Pool Aggregate	\$500,000 \$1 million	\$0 Fully funded by Pool	\$1,000 - \$100,000
Employment Practices Liability	Per Occurrence Member Aggregate	\$1 million	\$20 million \$20 million	20% Copay <sup>(3)</sup>

(1) Members may request or be required to pay a higher deductible than the minimum for certain coverage and certain types of losses require a specific co-pay or deductible

(2) Terrorism liability is fully funded by the Pool i.e. no excess/reinsurance is procured.

(3) Members pay a 20% co-pay of costs up to a maximum of \$100,000. By meeting established guidelines, the co-pay may be waived.

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**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 7 RISK MANAGEMENT (CONTINUED)**

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays <sup>(1)</sup>
<b>Property <sup>(2)</sup>:</b>				
Buildings and Contents	Per Occurrence	\$250,000	\$800 million	\$1,000 - \$250,000
Mobile Equipment	Per Occurrence	\$250,000	\$800 million	\$1,000 - \$250,000
Boiler and Machinery <sup>(3)</sup>	Per Occurrence	Varies	\$100 million	Varies
Business Interruption (BI)/ Extra Expense (EE) <sup>(4)</sup>	Per Occurrence	\$250,000	\$100 million (BI)/ \$50 million (EE)	\$1,000 - \$250,000
<b>Sublimit <sup>(5)</sup>:</b>				
Flood	Per Occurrence	\$250,000	\$50 million (shared by Pool members)	\$1,000 - \$250,000
Earthquake	Per Occurrence	5%; \$500,000 maximum	\$10 million (shared by Pool members)	\$1,000 - \$250,000
Terrorism Primary	Per Occurrence Pool Aggregate	\$250,000	\$100 million/ Pool member \$200 million	\$1,000 - \$250,000
Terrorism Excess	Per Occurrence APIP Per Occurrence APIP Aggregate	\$500,000	\$600 million/Pool member \$1.2 billion/APIP \$1.4 billion/APIP	\$0
<b>Automobile Physical Damage <sup>(6)</sup></b>	Per Occurrence	\$25,000; \$100,000 for Emergency Vehicles	\$800 million	\$250 - \$1,000
<b>Crime Blanket <sup>(7)</sup></b>	Per Occurrence	\$50,000	\$1 million	\$1,000
<b>Named Position <sup>(8)</sup></b>	Per Occurrence	\$50,000	\$1 million	\$1,000
<b>Cyber <sup>(9)</sup></b>	Each Claim APIP Aggregate	\$100,000	\$2 million \$25 million	20% Copay
<b>Identity Fraud Expense Reimbursement <sup>(10)</sup></b>	Member Aggregate	\$0	\$25,000	\$0

- (1) Members may request or be required to pay a higher deductible than the minimum for certain coverage and certain types of losses require a specific co-pay or deductible.
- (2) Property coverage for each member is based on detailed property schedule. Scheduled items are covered to the extent of the cost of repair or replacement pursuant to the excess/reinsurance policy terms. Under the Alliant Property Insurance Program (APIP) Reinsurance carriers cover insured losses over \$250,000 to the limit of \$800 million except for certain types of sub-limited property losses such as flood, earthquake, and terrorism.
- (3) Boiler and Machinery self-insured retention for the Pool varies depending on motor horsepower.
- (4) Business Interruption/ Extra expense coverage is based on scheduled revenue generating locations/operations. A limited number of members schedule and the rest are limited to \$500,000 of coverage with a \$2.5 million Pool maximum for undeclared exposure. The waiting period (deductible) is typically 24 hours but there are exceptions specific to the type of exposure covered.
- (5) This sublimit list is simplified and is not all-inclusive. In addition, sub-limits are often shared or aggregated by all pool members and, in a few cases, are shared by all APIP members. Deductibles often vary by coverage sub-limit.
- (6) Auto Physical Damage coverage includes comprehensive, named perils and collision. Coverage for each member is based on a detail vehicle schedule.
- (7) Crime Blanket coverage (also referred to as "Employee Dishonesty Coverage with Faithful Performance" of \$2,500 is provided to each member. Member's may elect to "buy-up" the level of coverage from \$5,000 to \$1 million.
- (8) Named Position coverage is optional. Members may elect to schedule various employees, directors, and commissioners, with individual limits of between \$5,000 and \$1 million.
- (9) Cyber coverage is included under the Pool's Property program. Members are subject to a 20% co-pay per loss and the Pool's SIR is tiered between \$50,000 and \$100,000 depending on the insured/members property TIV with an 8 hour waiting period. By meeting established guidelines, the co-pay may be waived. The reinsurance maximum limit of liability is \$2 million, with various declared sub-limits.
- (10) Identity Fraud Expense Reimbursement coverage is purchased by Enduris. Member claims do not have a deductible. There is a \$25,000 limit per member.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 7 RISK MANAGEMENT (CONTINUED)**

Members make an annual contribution to fund the Pool. Since Enduris is a cooperative program, there is joint liability among the participating members. There were no claim settlements in excess of the insurance coverage in any of the last three policy years.

Upon joining the Pool, members are contractually obligated to remain in the Pool for a minimum of one year and must give notice 60 days before renewal in order to terminate participation. The Interlocal Governmental Agreement (formerly known as the Master Agreement) is automatically renewed each year unless provisions for withdrawal or termination are applied. 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 Interlocal Governmental Agreement.

Enduris is fully funded by its member participants. Claims are filed by members with the Pool who determines coverage and administers the claims.

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 overseeing the business affairs of Enduris and providing policy direction to the Pool's Executive Director.

**NOTE 8 CONTINGENCIES AND LITIGATIONS**

SE WA ALTC 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. SE WA ALTC's financial statements include all material liabilities. There are no material contingent liabilities to record.

**NOTE 9 DESCRIPTIONS OF PROGRAM REVENUE SOURCES USED TO PROVIDE SERVICES**

**Federal Programs**

All people over age 60 are eligible for services provided through the Older Americans Act. The program is aimed at serving low-income, frail, and isolated elderly, and others most in need of services. Programs under the Older Americans Act are identified by title, as follows:

**Title III**

Provides for the planning and coordinated delivery of services. Funds available to area agencies under Title III are used for programs such as access services (transportation, outreach, and information and assistance), in-home services, legal services, social and health services and congregate and home-delivered nutrition services, and family caregiver support.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 9 DESCRIPTIONS OF PROGRAMS REVENUE SOURCES USED TO PROVIDE SERVICES  
(CONTINUED)**

**Federal Programs (Continued)**

**Title VII**

The primary purpose is to develop and enhance comprehensive and coordinated programs for the prevention and treatment of elder abuse, neglect, and exploitation, consistent with relevant state law and coordinated with state adult protective service activities.

Along with Older Americans Act monies, SE WA ALTC receives Social Security Act Title XIX funds. Title XIX money funds the federal medical assistance program for low-income persons. These monies are used in a jointly funded state program entitled "Community Option Program Entry System" which provides case management for at-home care for elderly persons who otherwise would have to be institutionalized in a nursing home. Also, these funds are used to provide targeted case management services to Medicaid eligible elderly persons/personal care.

In July 1989, Title XIX Personal Care Program was implemented in Washington State to provide in-home personal care services to medically needy, low-income disabled individuals. SE WA ALTC contracts with agency providers, monitors service by agency providers, and trains individuals, adult family home, congregate care facility and agency providers. SE WA ALTC also provides Nursing Consultation Services in coordination with Case Management for all personal care clients in its PSA.

**Money Follows the Person**

The primary purpose is to utilize existing **partnerships** and **protocols** with local hospitals to accept acute care discharge and long term care referral and assist with care transitions from hospital to home or facility to home for individuals with or qualifying for Medicaid benefits.

**State Programs – Senior Citizens Services Act**

The Senior Citizens Services Act provides a wide range of programs aimed at preventing premature or unnecessary institutionalization. Access services, including transportation, information and assistance and others, are available free of charge or on a donation only basis. To receive service from this group of programs, applicants must meet age and resource tests. To receive free services applicants must have monthly incomes below 40% of the State Median Income (\$1,856 a single person, \$2,427 per couple). People with incomes above this level may be eligible for service, but must pay a portion of the cost, based on their ability to pay. The programs listed below may not be available in all parts of Washington due to differences in local priorities for use of funds.

**Aging and Disability Resource Center – Information and Assistance (I & A) and General Case Management**

Information and Assistance and General Case Management provides the help needed by an older person to identify and use existing community programs. This may be simple information given via a toll-free HOTLINE. Other means may include referral to other agencies, counseling, individual assessment, or intensive case management.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 9 DESCRIPTIONS OF PROGRAMS REVENUE SOURCES USED TO PROVIDE SERVICES  
(CONTINUED)**

**State Programs – Senior Citizens Services Act (Continued)**

**Adult Day Care**

Adult Day Care is a program of services offered on a regular recurrent basis to individuals who do not require 24-hour institutional care and yet, due to a physical, social, or mental impairment, are not capable of full-time independent living. Services provided include nursing services, social services, occupational therapy, activity therapy, personal care, and nutrition. Transportation to and from the Adult Day Center is also provided.

**In-Home Care Services**

In-home services may include basic health care; assistance with bathing and personal hygiene; performance of various household tasks and other necessary chores, or a combination of these services.

**State Programs – Other**

**Family Caregiver Support/Kinship Caregiver Support**

Family Caregiver Support and Kinship Caregiver Support are state and federal programs designed to provide long-term care information and support services to unpaid family and other unpaid caregivers of adults with functional disabilities, by providing information, assistance in gaining access to services, promotion and implementation of support groups, Caregiver Training, respite services, supportive services, and services to grandparents raising grandchildren.

**Kinship Navigator Services**

Kinship Navigator services include but are not limited to, assisting kinship caregivers, of any age, with understanding and navigating the system of services for children in out-of-home care while reducing barriers faced by kinship caregivers when accessing services. A priority shall be given to help kinship caregivers maintain their care-giving role by helping them shall be given to help kinship caregivers maintain their care-giving role by helping them access existing services and supports, thus keeping children from entering foster care.

**Senior Farmers' Market Nutrition Program**

This program is designed to provide low-income seniors with resources in the form of fresh, nutritious, unprepared, locally grown fruits, vegetables and herbs from state approved local farmers markets, roadside stands, and community supported agriculture programs. This program is state and federally funded.

**Caregiver Training**

Caregiver Training is a program to train in-home caregivers (both agency and individual providers). The initial training is five hours of orientation and safety training and 70 hours of Basic Training. In addition, 12 hours of Continuing Education is an on-going annual requirement.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 9 DESCRIPTIONS OF PROGRAMS REVENUE SOURCES USED TO PROVIDE SERVICES  
(CONTINUED)**

**State Programs – Other (Continued)**

**SB 5736**

This program expands the nutrition services through the meals on wheels program. Dollars are to be used to expand services in areas of greatest need to assist low-income homebound seniors who are unable to prepare food for themselves and lack a caregiver that prepares meals, and where senior citizens have limited access to community support services and facilities.

**Medicaid Transformation Project (Medicaid Alternative Care and Family Caregiver Support Program)**

This project developed two new programs that further develop a system of care that provides the right service(s) at the right time in the right setting, expands person-centered choices, and supports unpaid family caregivers and individuals at risk of institutionalization when possible. These programs expand options for people so they can stay at home and delay or avoid the need for more intensive services. The programs are mirrored after the state funded Family Caregiver Support Program (FCSP).

**Care Transitions Intervention**

The goal of the program is to reduce hospital readmissions for individuals age 60 and over by providing a Care Transitions Coach through the Bridges Program for patients being discharged from local hospitals. This program also provides assistance to Medicare

Advantage Plan patients with Signal Health. The program is funded by a contract with Signal Health.

**Health Home**

Care Coordination services are provided as part of the Health Home Program serving high-risk dual eligible and Medicaid clients using trained social workers and nursing staff. Services include comprehensive care transitions, coordination of medical and social services supports and assisting individuals in identifying and reaching their health goals. The program is funded and coordinated by Managed Care Organizations for Care Coordination Services. As well, SE WA ALTC is a Lead Health Home and receives funding for this via the Health Care Authority.

**Signal Health**

SE WA ALTC staff work with the Signal Health Medical Team for Signal Health referrals for select enrollees of Medicare Plans which contract with Signal Health. ALTC staff performs at least one home visit per referral to assess needs, barriers and develop interventions that will decrease re-hospitalizations as well as unnecessary medical costs.

**Geriatric Workforce Enhancement Center (GWEC)**

This funding from the University of Washington's GWEC program is for a Primary Care Liaison who helps bridge medical providers with Area Agency on Aging social services.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 10 CHANGES IN LONG-TERM LIABILITIES**

The following is a summary of the long-term liabilities transactions of SE WA ALTC for the year ended December 31, 2022:

	*				Due Within
	12/31/2021	Additions	Reductions	12/31/2022	One Year
Compensated Absences	\$ 403,676	\$ 652,678	\$ 670,506	\$ 385,848	\$ 253,946
State Advance	2,745,969	429,945	-	3,175,914	-
OPEB Liability	2,925,011	507,520	-	3,432,531	23,947
Pension Liability	524,300	639,844	-	1,164,144	-
Lease Liability	944,335	166,219	414,514	696,040	263,989
Total	<u>\$ 7,543,291</u>	<u>\$ 2,396,206</u>	<u>\$ 1,085,020</u>	<u>\$ 8,854,477</u>	<u>\$ 541,882</u>

\* Restated to reflect the implementation of GASB 87

**NOTE 11 COLLECTIVE BARGAINING AGREEMENT**

At December 31, 2022, approximately 58% of SE WA ALTC employees worked under a collective bargaining agreement that is effective January 1, 2022 through December 31, 2024.

**NOTE 12 LEASES**

SE WA ALTC leases equipment and office facilities for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2033 and provide for renewal options ranging from one to six years.

Total future minimum lease payments under lease agreements are as follows:

Year Ended December 31,	Governmental Activities		
	Principal	Interest	Total
2023	\$ 263,989	\$ 21,419	\$ 285,408
2024	156,966	13,619	170,585
2025	159,192	7,490	166,682
2026	106,389	2,411	108,800
2027	9,504	37	9,541
Thereafter	-	-	-
Total Minimum Lease Payments	<u>\$ 696,040</u>	<u>\$ 44,976</u>	<u>\$ 741,016</u>



**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 12 LEASES (CONTINUED)**

Right-of-use assets acquired through outstanding leases are shown below, by underlying asset class.

	Governmental Activities
Building	\$ 915,356
Equipment	29,924
Less: Accumulated Amortization	261,793
Total	<u>\$ 683,488</u>

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS  
AS OF DECEMBER 31**

	2021	2020	2019	2018	2017	2016
Service Cost	\$ 401,919	\$ 323,699	\$ 238,404	\$ 346,727	\$ 302,577	\$ 310,058
Interest on Total OPEB Liability	70,410	87,586	93,295	104,816	91,354	76,418
Changes of Benefit Terms	-	-	-	-	-	-
Effect of Economic/Demographic Gains or (Losses)	-	(434,639)	-	28,061	-	-
Effect of Assumptions Changes or Inputs	46,710	82,888	515,869	(1,135,232)	196,976	(101,182)
Benefit Payments	(11,519)	(14,718)	(8,804)	(6,343)	(3,315)	-
Net Change in Total OPEB Liability	507,520	44,816	838,764	(661,971)	587,592	285,294
Total OPEB Liability - Beginning	2,925,011	2,880,195	2,041,431	2,703,402	2,115,810	1,830,516
Total OPEB Liability - Ending	<u>\$ 3,432,531</u>	<u>\$ 2,925,011</u>	<u>\$ 2,880,195</u>	<u>\$ 2,041,431</u>	<u>\$ 2,703,402</u>	<u>\$ 2,115,810</u>
Covered Payroll	\$ 6,642,571	\$ 6,812,525	\$ 6,607,093	\$ 6,362,636	\$ 5,947,632	\$ 5,301,291
Total OPEB Liability as a Percentage of Covered Payroll	51.67%	42.94%	43.59%	32.08%	45.45%	39.91%

**Notes to Schedule**

Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, SE WA ALTC will present information for only those years for which information is available.

No assets are accumulated in a trust to provide benefits under the plan.

Changes of assumptions reflect the changes in the discount rate each period.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
**PENSION PLANS, PERS 1 AND PERS 2/3**  
**AS OF JUNE 30**

	2022	2021	2020	2019	2018	2017	2016	2015
<b>PERS Plan 1</b>								
Employer's Proportion of the Net Pension Liability	0.041810 %	0.042932 %	0.044038 %	0.045748 %	0.045908 %	0.046106 %	0.398780 %	0.017857 %
Employer's Proportionate Share of the Net Pension Liability	\$ 1,164,144	\$ 524,300	\$ 1,554,779	\$ 1,759,173	\$ 2,050,267	\$ 2,187,766	\$ 2,141,636	\$ 934,087
Employer's Covered Payroll	\$ 6,788,277	\$ 6,581,972	\$ 6,690,341	\$ 6,431,594	\$ 6,135,139	\$ 5,764,376	\$ 4,737,811	\$ 1,969,725
Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	17.15 %	7.97 %	23.24 %	27.35 %	33.42 %	37.95 %	45.20 %	47.42 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.56 %	88.74 %	68.64 %	67.12 %	63.22 %	61.24 %	57.03 %	59.10 %
<b>PERS Plan 2/3</b>								
Employer's Proportion of the Net Pension Liability (Asset)	0.054535 %	0.055169 %	0.057341 %	0.059065 %	0.058942 %	0.057995 %	0.049803 %	0.021505 %
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ (2,022,584)	\$ (5,495,720)	\$ 733,359	\$ 573,722	\$ 1,006,382	\$ 2,015,049	\$ 2,507,542	\$ 768,386
Employer's Covered Payroll	\$ 6,788,277	\$ 6,581,972	\$ 6,690,341	\$ 6,431,594	\$ 6,135,139	\$ 5,710,990	\$ 4,685,101	\$ 1,924,011
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	(29.80)%	(83.50)%	10.96 %	8.92 %	16.40 %	35.28 %	53.52 %	39.94 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	106.73 %	120.29 %	97.22 %	97.77 %	95.77 %	90.97 %	85.82 %	89.20 %

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, SE WA ALTC will present information for only those years for which information is available.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
PENSION PLANS, PERS 1 AND PERS 2/3  
AS OF DECEMBER 31**

	2022	2021	2020	2019	2018	2017	2016	2015
<b>PERS Plan 1</b>								
Statutory or Contractually Required Contributions								
Contributions in Relation to the Statutory or Contractually								
Required Contributions	\$ 283,826	\$ 280,381	\$ 323,229	\$ 323,618	\$ 319,809	\$ 293,688	\$ 254,558	\$ 187,825
Contribution Deficiency (Excess)	(283,826)	(280,381)	(323,229)	(323,618)	(319,809)	(293,688)	(254,558)	(187,825)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 7,548,060	\$ 6,544,303	\$ 6,739,339	\$ 6,545,839	\$ 6,316,004	\$ 5,959,732	\$ 5,273,577	\$ 4,219,809
Contributions as a Percentage of Covered Payroll	3.76 %	4.28 %	4.80 %	4.94 %	5.06 %	4.93 %	4.83 %	4.45 %
<b>PERS Plan 2/3</b>								
Statutory or Contractually Required Contributions								
Contributions in Relation to the Statutory or Contractually								
Required Contributions	\$ 480,058	\$ 466,765	\$ 533,755	\$ 505,419	\$ 473,697	\$ 407,869	\$ 327,018	\$ 233,925
Contribution Deficiency (Excess)	(480,058)	(466,765)	(533,755)	(505,419)	(473,697)	(407,869)	(327,018)	(233,925)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 7,548,060	\$ 6,544,303	\$ 6,739,339	\$ 6,545,839	\$ 6,316,001	\$ 5,935,004	\$ 5,218,600	\$ 4,193,625
Contributions as a Percentage of Covered Payroll	6.36 %	7.13 %	7.92 %	7.72 %	7.50 %	6.87 %	6.27 %	5.58 %

**Note:** Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, SE WA ALTC will present information for only those years for which information is available.

**SOUTHEAST WASHINGTON AGING AND LONG TERM CARE  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED DECEMBER 31, 2022**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Budgetary Fund Balance - January 1	\$ 11,507,221	\$ 11,507,221	\$ 16,036,925	\$ 4,529,704
Resources (Inflows):				
Grants	19,517,405	22,039,630	24,925,908	2,886,278
Charges for Services - State and Local	2,581,780	2,033,178	2,015,682	(17,496)
Investment Loss	100,000	127,454	(725,370)	(852,824)
Other	-	2,026	598,673	596,647
Amount Available for Appropriation	<u>22,199,185</u>	<u>24,202,288</u>	<u>26,814,893</u>	<u>2,612,605</u>
Charges to Appropriations (Outflows)				
Salaries and Benefits	12,015,976	10,958,421	10,639,392	(319,029)
Supplies	319,187	334,822	278,892	(55,930)
Other Services	1,663,451	1,528,519	1,437,988	(90,531)
Vendor/Contractor Services	6,363,632	8,808,395	7,717,743	(1,090,652)
Equipment	36,000	36,000	178,558	142,558
Total Charges to Appropriations	<u>20,398,246</u>	<u>21,666,157</u>	<u>20,252,573</u>	<u>(1,413,584)</u>
Increase	<u>1,800,939</u>	<u>2,536,131</u>	<u>6,562,320</u>	<u>4,026,189</u>
Budgetary Fund Balance - December 31	<u><u>\$ 13,308,160</u></u>	<u><u>\$ 14,043,352</u></u>	<u><u>\$ 22,599,245</u></u>	<u><u>\$ 8,555,893</u></u>

**Southeast Washington Aging and Long Term Care Council of Governments**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2022**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Senior Farmers Market Nutrition Program	10.576	2169-20171	23,253	-	23,253	-	2, 5, 6
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	2269-38393	6,304	-	6,304	-	6
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	2169-97601 & 2269-38393	82,135	-	82,135	-	6
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	COVID 19 - Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	2169-30870	53,971	-	53,971	-	6
<b>Total ALN 93.043:</b>				<b>136,106</b>	<b>-</b>	<b>136,106</b>	<b>-</b>	
<b>Aging Cluster</b>								
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	2169-97601 & 2269-38393	684,260	-	684,260	-	2, 3, 6

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

ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	COVID 19 - Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	2169-97601	5,106	-	5,106	-	2, 3, 6
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	COVID 19 - Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	2169-30870	725,448	-	725,448	-	2, 3, 6
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	<b>Total ALN 93.044:</b> 2269-38393 & 2169-97601	<b>1,414,814</b> 1,619,801	-	<b>1,414,814</b> 1,619,801	-	2, 3, 6
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	COVID 19 - Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	2169-30870	654,141	-	654,141	-	2, 3, 6
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Nutrition Services Incentive Program	93.053	<b>Total ALN 93.045:</b> 2169-97601 & 2269-38393	<b>2,273,942</b> 287,782	-	<b>2,273,942</b> 287,782	-	6
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	COVID 19 - Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048	<b>Total Aging Cluster:</b> 2169-23663	<b>3,976,538</b> 26,681	-	<b>3,976,538</b> 26,681	-	2, 3, 6

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

ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	National Family Caregiver Support, Title III, Part E	93.052	2169-97601 & 2269-38393	364,455	-	364,455	-	2, 3, 6
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	COVID 19 - National Family Caregiver Support, Title III, Part E	93.052	2169-30870	125,639	-	125,639	-	2, 3, 6
<b>Medicaid Cluster</b>				<b>Total ALN 93.052:</b>	-	<b>490,094</b>	-	
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Medical Assistance Program	93.778	2169-20171 & 2269-43424	106,715	-	106,715	-	6
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Medical Assistance Program	93.778	2169-20171 & 2269-43424	6,091,895	-	6,091,895	-	6
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Medical Assistance Program	93.778	2169-21215	3,269	-	3,269	-	2, 3, 6
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Medical Assistance Program	93.778	2169-20163 & 2269-43299	18,019	-	18,019	-	6
<b>Total Medicaid Cluster:</b>				<b>6,219,898</b>	-	<b>6,219,898</b>	-	

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



CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Money Follows the Person Rebalancing Demonstration	93.791	2169-29713	78,000	-	78,000	-	6
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Money Follows the Person Rebalancing Demonstration	93.791	2169-20171 & 2269-43424	22,273	-	22,273	-	6
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Money Follows the Person Rebalancing Demonstration	93.791	2169-21215	6	-	6	-	2, 3, 6
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Money Follows the Person Rebalancing Demonstration	93.791	2169-20163 & 2269-43299	67	-	67	-	6
<b>Total ALN 93.791:</b>				<b>100,346</b>	-	<b>100,346</b>	-	
HEALTH RESOURCES AND SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via University of Washington)	PPHF Geriatric Education Centers	93.969	UWSC11214	62,524	-	62,524	-	
<b>Total Federal Awards Expended:</b>				<b>11,041,744</b>	-	<b>11,041,744</b>	-	

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

**SOUTHEAST WASHINGTON COUNCIL OF GOVERNMENTS ON  
AGING AND LONG-TERM CARE  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2022**

Note 1 – Basis of Accounting

The accompanying schedule of expenditures of federal awards is prepared on the same basis of accounting as the Agency's financial statements. The Agency uses the modified accrual basis of Accounting.

Note 2 – Federal De Minimis Indirect Cost Rate

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

Note 3 – Indirect Cost Rate

The Agency submitted as part of the Area Plan Budget to the State of Washington, its Indirect Cost Allocation Plan. The allocation plan defines using indirect allocations based on relative value of expenditures of the programs being allocated to. The Area Plan Budget was approved.

Note 4 – Program Income

The Agency uses the Deductive Method for Program Income. Program Income is used before billing Grant Funding.

Note 5 – Noncash Awards – Senior Farmer's Market Vouchers

Senior Farmer's Market Nutrition Program vouchers reported on the Schedule is the value of vouchers received by Agency during the current year and priced by ALTSA (\$21,040). Other Federal SFMNP funding is recorded here.

Note 6 – Program Costs

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the Agency's portion, may be more than shown. 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.

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