



Office of the Washington State Auditor  
Pat McCarthy

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

# **Northeast Tri County Health District**

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

*Published September 28, 2023*

Report No. 1033345



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

September 28, 2023

Board of Health  
Northeast Tri County Health District  
Colville, Washington

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

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

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

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

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

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

### Northeast Tri County Health District January 1, 2022 through December 31, 2022

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

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

##### Financial Statements

We issued an unmodified opinion on the fair presentation of the 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 identified deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

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

##### Federal Awards

##### Internal Control over Major Programs:

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

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

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

## Identification of Major Federal Programs

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

<u>ALN</u>	<u>Program or Cluster Title</u>
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children
93.323	COVID-19 – Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)

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

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

## SECTION II – FINANCIAL STATEMENT FINDINGS

See Finding 2022-001.

## SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

## SCHEDULE OF AUDIT FINDINGS AND RESPONSES

### Northeast Tri County Health District January 1, 2022 through December 31, 2022

#### **2022-001    The District did not have adequate internal controls in place to ensure accurate financial reporting on the Schedule of Expenditures of Federal Awards.**

##### ***Background***

State and federal agencies, the Board of Health, and the public rely on information included in the District's financial statements and reports to make decisions. Management is responsible for designing and following internal controls that provide reasonable assurance the District's financial reporting is reliable and accurate.

Local governments that spend federal funds must prepare a Schedule of Expenditures of Federal Awards (SEFA) as part of their annual financial report. Federal regulations require grantees to identify on the SEFA applicable federal money spent in their accounts each fiscal year.

Our audit found deficiencies in internal controls over accounting and financial reporting that affected the District's ability to produce reliable financial statements. *Government Auditing Standards* requires the State Auditor's Office to communicate significant deficiencies as a finding.

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

District staff responsible for preparing the SEFA did not follow the *Budgeting, Accounting and Reporting System* (BARS) Manual guidance to ensure the proper reporting of federal expenditures within the audit period. As a result, the District understated expenditures in the year under audit.

We consider this internal control deficiency to be a significant deficiency that led to significant noncompliance.

##### ***Cause of Condition***

In order to meet the filing deadline, the District estimated a federal reimbursement that had not yet been received but was applicable to the fiscal year under audit. The

District did not go back and revise the amount reported to what was actually received, causing a variance.

### ***Effect of Condition***

Our audit found the District's SEFA understated the Medical Assistance Program (Assistance Listing Number 93.778) by \$9,287. The corrected SEFA totaled \$1,109,861 in federal funds spent. This raised the minimum dollar threshold required to be reviewed, which resulted in one additional program required for audit.

In addition, the changes to the SEFA caused the following misstatements in the District's basic financial statements.

On the Statement of Net Position, the District:

- Understated due to other governments for governmental activities by \$9,287
- Understated unavailable revenue for governmental activities by \$9,287

On the balance sheet – governmental funds, the District:

- Understated due to other governments for the general fund by \$9,287
- Understated unavailable revenue for the general fund by \$9,287

We also found less significant errors within the District's annual report. The District corrected all of the financial statement errors noted above.

### ***Recommendation***

We recommend the District strengthen internal controls over financial reporting to ensure it prepares the SEFA in accordance with the BARS Manual and accurately presents its total federal awards spent.

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

*We appreciate the opportunity to work with the State Auditor's Office regarding this matter and will work to implement the required changes going forward.*

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

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

## *Applicable Laws and Regulations*

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

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

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), section 302 – Financial Management, requires grantees to identify, in their accounts, all Federal awards received and expended and the Federal programs under which the awards were received.

Title 2 CFR Part 200, Uniform Guidance, section 514 – Scope of Audit, requires the audit be conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) and encompass the financial statements and Schedule of Expenditures of Federal Awards (SEFA).





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 PEND OREILLE COUNTY - 605 HIGHWAY 20, NEWPORT, WA 99156 | PHONE : 509-447-3131  
 STEVENS COUNTY - 240 E. DOMINION AVE, COLVILLE, WA 99114 | PHONE : 509-684-2262

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### Northeast Tri County Health District January 1, 2022 through December 31, 2022

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

<b>Audit Period:</b> 1/1/2021 through 12/31/2021	<b>Report Ref. No.:</b> 1031134	<b>Finding Ref. No.:</b> 2021-001
<b>Finding Caption:</b> The District's internal controls over financial statement preparation were inadequate for ensuring accurate reporting.		
<b>Background:</b> State and federal agencies, District officials and the public rely on the information included in financial statements and reports to make decisions. District management is responsible for designing, implementing and maintaining internal controls that provide reasonable assurance the financial statements, notes and required schedules are reliable and prepared in accordance with generally accepted accounting principles (GAAP). Our audit identified deficiencies in the District's internal controls that hindered its ability to produce accurate financial statements. Government Auditing Standards requires the State Auditor's Office to communicate material weaknesses in internal controls as a finding. The Applicable Laws and Regulations section below defines the standards for material weaknesses.		
<b>Status of Corrective Action: (check one)</b> <div style="display: flex; justify-content: space-between;"> <div> <input checked="" type="checkbox"/> Fully Corrected         </div> <div> <input type="checkbox"/> Partially Corrected         </div> <div> <input type="checkbox"/> Not Corrected         </div> <div> <input type="checkbox"/> Finding is considered no longer valid         </div> </div>		
<b>Corrective Action Taken:</b> <i>Northeast Tri-County Health District appreciates the opportunity to continue working with the State Auditor's Office to improve the accuracy of financial statement preparation and reporting. The Finance Department has reviewed pension reporting requirements to ensure that all amounts are reported and continues monitoring and working to improve internal controls to ensure the annual report is presented in accordance with GAAP.</i>		

## 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*

### **Northeast Tri County Health District January 1, 2022 through December 31, 2022**

Board of Health  
Northeast Tri County Health District  
Colville, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Northeast Tri County Health District, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 22, 2023.

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

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and

corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described 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. However, we identified certain deficiencies in internal control, described in the accompanying Schedule of Audit Findings and Responses as Finding 2022-001 that we consider to be significant deficiencies.

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

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of 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*.

## **DISTRICT'S RESPONSE TO FINDINGS**

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

## **PURPOSE OF THIS REPORT**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However,

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

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large, stylized "P" and "M".

Pat McCarthy, State Auditor

Olympia, WA

September 22, 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

#### Northeast Tri County Health District January 1, 2022 through December 31, 2022

Board of Health  
Northeast Tri County Health District  
Colville, Washington

### REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

#### Opinion on Each Major Federal Program

We have audited the compliance of the Northeast Tri County Health District, 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 District's major federal programs for the year ended December 31, 2022. The District'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 District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 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 District 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 District'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 District'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 District'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 District'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 District'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 District'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 District'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, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

September 22, 2023



# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### **Northeast Tri County Health District January 1, 2022 through December 31, 2022**

Board of Health  
Northeast Tri County Health District  
Colville, 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 the Northeast Tri County Health District, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District'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 financial position of the governmental activities and each major fund of the Northeast Tri County Health District, as of December 31, 2022, and the 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 District 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 2 to the financial statements, in 2022, the District adopted new accounting guidance, Governmental Accounting Standards Board pronouncement 87, regarding the disclosure of leases. Our opinion is not modified with respect to this matter.

As discussed in Note 6 to the Financial Statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the District is unknown. Management's plans in response to this matter are also described in Note 6. 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 District'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 District'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 District'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 District'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 September 22, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District'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

September 22, 2023

## **FINANCIAL SECTION**

### **Northeast Tri County Health District 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 Funds – 2022

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

Notes to Financial Statements – 2022

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Budgetary Comparison Information – General Fund – 2022

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

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

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

Schedule of Expenditures of Federal Awards – 2022

Notes to the Schedule of Expenditures of Federal Awards – 2022

## Northeast Tri County Health District

### MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2022

Northeast Tri County Health District presents this narrative overview and analysis (MD & A) of its financial performance for the fiscal year ended December 31, 2022. We encourage the use of this discussion and analysis in conjunction with statements and supplemental schedules included in this report.

#### FINANCIAL HIGHLIGHTS

- The District's overall financial position increased from fiscal year (FY) 2021 to 2022. Net position increased by \$975,510 during FY 2022 from \$2,794,786 to \$3,770,296. The change represents an increase of 34.90% in net position from the prior year.
- The final expenditure budget was adopted at \$3,469,210 with one budget amendment during the year for \$200,000.
- The fund balance increased by \$807,248 for a total of \$2,734,381.

#### DISCUSSION OF THE BASIC FINANCIAL STATEMENTS

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

##### **Government-wide financial statements**

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

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

The *statement of activities* is a report on the results of the District's operations. This statement separates program revenue (revenue generated by specific programs through charges for services, grants, and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program). The statement presents the cost of each function and the extent to which each of the local government's functions, programs or services relies on taxes for funding. All changes in net position are reported using the accrual basis of accounting which requires that revenues are reported when they are earned, and expenses are reported when the goods and services are received. Items such as uncollected taxes, unpaid vendor invoices for items received in 2022, pension liability changes, and, earned but unused vacation leave and a portion of sick leave will be included in the statement of activities as revenue and expenses, even though the cash associated with these items will not be received or distributed in 2022.

## **Fund Financial Statements**

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

## **Notes to the financial statements**

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

## **Other Information**

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

## **CONDENSED COMPARATIVE FINANCIAL DATA**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$3,770,296 at the close of fiscal year 2022. This is a 34.90% increase from prior year.

Approximately 27.6% or \$1,028,625 reflects the district's investment in capital used to provide services to citizens. Consequently, these assets are not available for future spending. This category increased by \$4,367 compared to 2021 due to capital expenditures and offsetting depreciation.

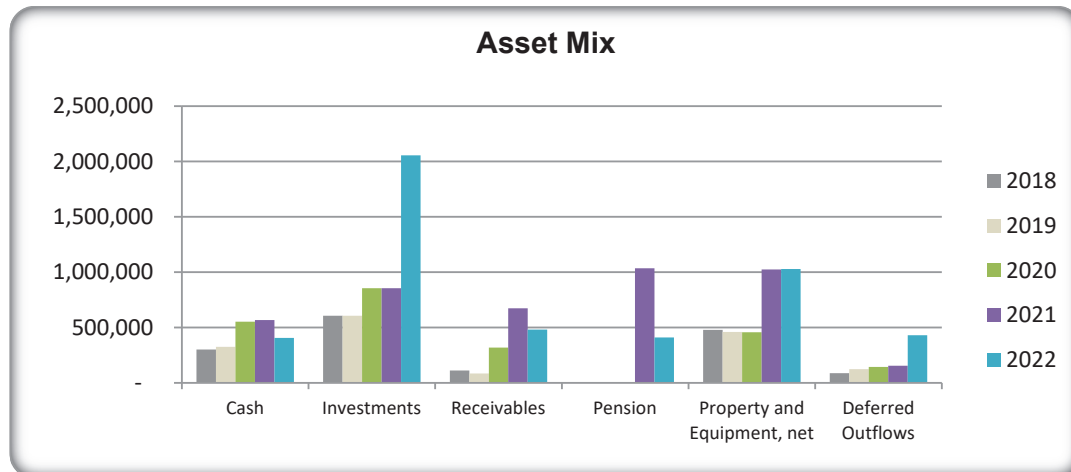
Restricted net position can only be spent on activities in accordance with external restrictions. Restricted net position decreased to \$410,191 in 2022 from \$1,035,410 in 2021. The decrease is due to pension asset. Unrestricted net position increased by \$1,596,362 from the prior period mainly due to a decrease in restricted position.

The District receives annual funding that is flexible to use on varying organizational expenditures. In 2022, the continual focus (since 2020) was combating COVID-19 in the Tri-County area. The expenditures were fully reimbursed through Department of Health grant funding. Due to the severity of the situation, the District had to pivot away from day-to-day operations to address the community issues derived from the virus. As the expenditures for that were fully reimbursed, the organization had excess annual flexible funding that was moved into unrestricted net position at year-end.

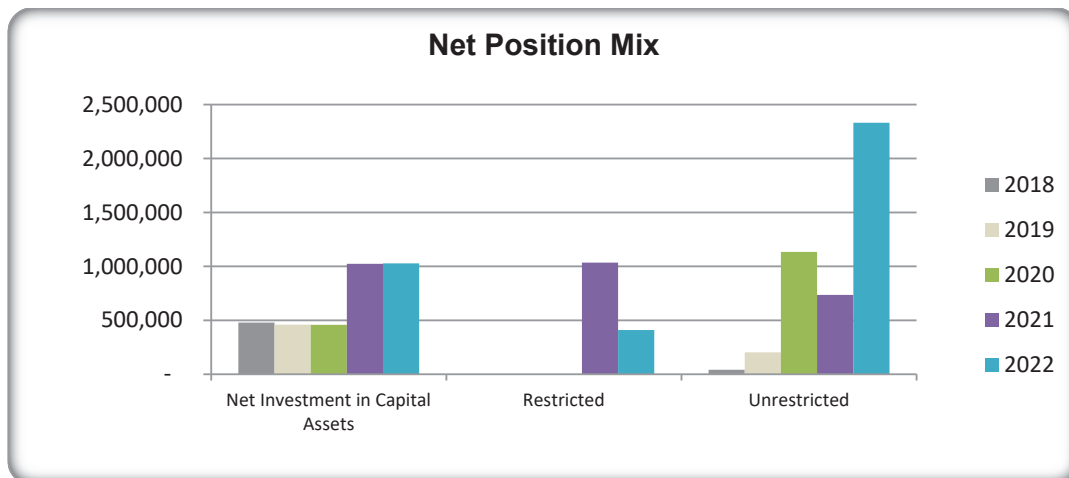
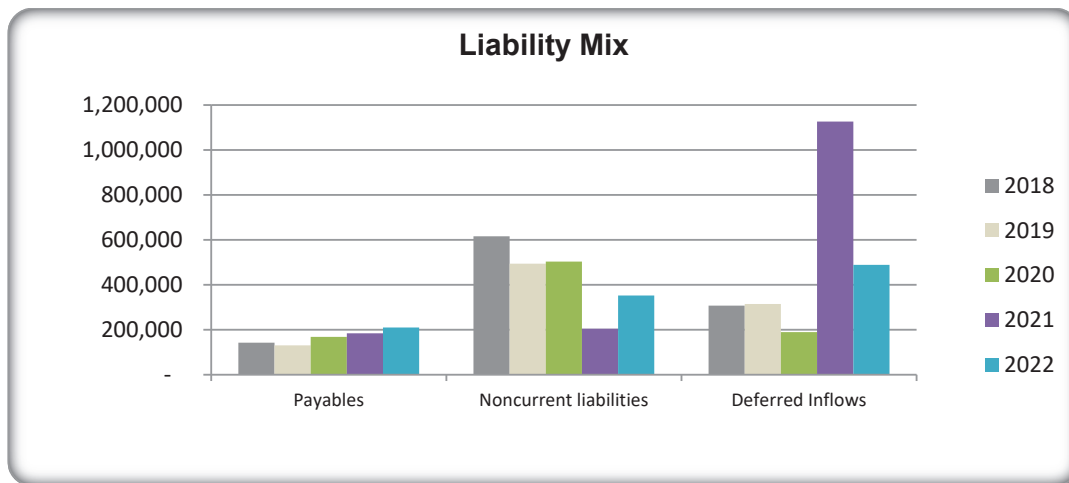
Current and other assets increased by \$230,346 from 2021 to 2022. This comprises of an increase of \$1,038,624 in cash and cash equivalents and investments, an increase of \$7,005 in accounts receivable, and a decrease in due from other governments for \$190,064, and a decrease in net pension assets of \$625,219. Current liabilities increased by \$26,098 mainly due to lease payables. Long-term liabilities increased by \$147,424 mainly due to an increase in net pension liability.

#### Net Position of Governmental Activities

	Governmental Activities		Variance	%
	2022	2021	Positive (Negative)	Change
<b>Assets:</b>				
Current and other assets	\$ 3,362,066	\$ 3,131,720	230,346	7.36%
Capital Assets	\$ 1,028,625	\$ 1,024,258	4,367	0.43%
Total assets	<u>\$ 4,390,691</u>	<u>\$ 4,155,978</u>	<u>234,713</u>	<u>5.65%</u>
Deferred Outflows of Resources	\$ 431,116	\$ 154,495	276,621	179.05%
<b>Liabilities:</b>				
Current liabilities	\$ 210,217	\$ 184,119	(26,098)	-14.17%
Long-term liabilities	\$ 352,409	\$ 204,985	(147,424)	-71.92%
Total Liabilities	<u>\$ 562,626</u>	<u>\$ 389,104</u>	<u>(173,522)</u>	<u>-44.60%</u>
Deferred Inflows of Resources	\$ 488,885	\$ 1,126,583	637,698	56.60%
<b>Net Position:</b>				
Net Investment in Capital Assets	\$ 1,028,625	\$ 1,024,258	4,367	0.43%
Restricted	\$ 410,191	\$ 1,035,410	(625,219)	-60.38%
Unrestricted	\$ 2,331,480	\$ 735,118	1,596,362	217.16%
Total net position	<u>\$ 3,770,296</u>	<u>\$ 2,794,786</u>	<u>975,510</u>	<u>34.90%</u>







The District's total revenues in 2022 increased by \$295,543. COVID-19 funding provided the District a wide range of services, from case contact investigation, contact tracing, testing, education, and mass vaccination. The organization was able to be fully reimbursed for personnel services related to COVID-19. Additional Foundational Public Health Funds was also made available to support other essential (foundational) health services.

### Changes in Net Position

	Governmental Activities		Variance Positive (Negative)	% Change
	2022	2021		
Revenues				
Charges for Services	\$ 454,428	\$ 471,122	(16,694)	-3.54%
Operating Grants & Contributions	\$ 1,492,611	\$ 1,632,203	(139,592)	-8.55%
General Revenues	\$ 1,915,071	\$ 1,463,242	451,829	30.88%
Total Revenues	\$ 3,862,110	\$ 3,566,567	295,543	8.29%
Program Expenses				
Public Health	\$ 2,901,542	\$ 2,363,638	(537,904)	-22.76%
Total Expenses	\$ 2,901,542	\$ 2,363,638	(537,904)	-22.76%
Change in Net Position	\$ 960,568	1,202,929	(242,361)	-20.15%
Total Net Position, January 1	\$ 2,794,786	\$ 1,591,857	1,202,929	75.57%
Prior Year Adjustment	\$ 14,942	-		
Total Net Position, December 31	\$ 3,770,296	\$ 2,794,786	975,510	34.90%

### **Overall Analysis of Financial Position and Result of Operation**

Although the District has a significant amount of unrestricted net position, the District is carefully monitoring revenues and keeping expenses in line with resources. Total net position increased \$975,510 (34.90%) in 2022 compared to 2021 mainly due to excess public health funding. The organizations activities were funded mainly by COVID-19 grants in 2022 creating excess public health assistance that increased the net position.

The Board of Health strives for programs to be self-sufficient by grants or other determined revenue sources. Use of fund balance should be closely examined and reviewed. Prudent management of expenses and regular review of monthly financial statements by the management team contributed to diligent fiscal oversight.

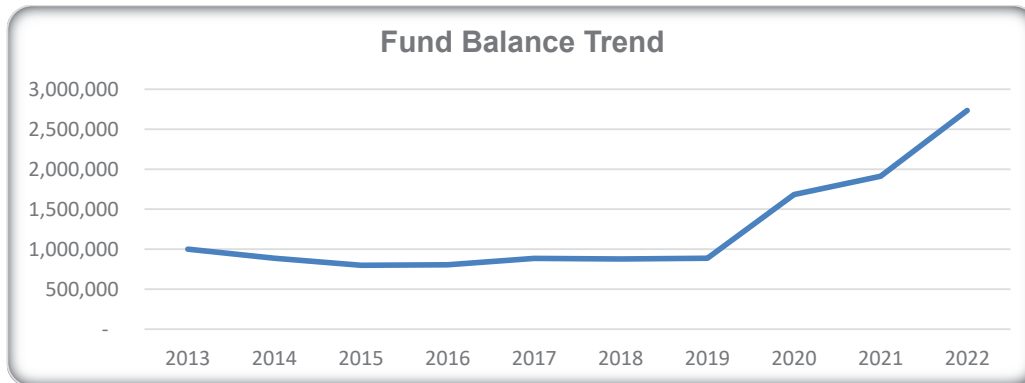
### **Fund Analysis**

The general fund reported an ending balance of \$2,734,381 which was an increase of \$822,190 from 2021. Total revenue up 8.29% mainly due to additional Foundational Public Health Funds increased to \$998,000 as compared to prior year of \$414,500. Expenditures decreased by 8.45% mainly due to the difference in capital expenditures. In 2021, the District purchased a building for daily operations worth over \$541K plus vehicles and other capital equipment worth over \$79K. 2022 equipment purchase was only \$44K.

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

### Revenues, Expenditures, and Changes in Fund Balance

	General Fund		Variance	%
	2022	2021	Positive (Negative)	Change
<b>Revenues</b>				
Licenses and Permits	339,916	378,742	(38,826)	-10.25%
Charges for Services	114,512	875,915	(761,403)	-86.93%
Intergovernmental Revenues	3,365,638	2,296,006	1,069,632	46.59%
Investment Earnings	26,575	850	25,725	3026.47%
Miscellaneous	15,469	15,054	415	2.76%
<b>Total Revenues</b>	<b>3,862,110</b>	<b>3,566,567</b>	<b>295,543</b>	<b>8.29%</b>
<b>Expenses</b>				
Public Health	3,054,862	3,336,981	282,119	8.45%
<b>Total Expenses</b>	<b>3,054,862</b>	<b>3,336,981</b>	<b>282,119</b>	<b>8.45%</b>
<b>Net Change in Fund Balance</b>	<b>807,248</b>	<b>229,586</b>	<b>577,662</b>	<b>251.61%</b>
<b>Fund Balance - Beginning</b>	<b>1,912,191</b>	<b>1,682,605</b>	<b>229,586</b>	<b>13.64%</b>
<b>Prior Year Adjustment</b>	<b>14,942</b>	<b>-</b>	<b>14,942</b>	
<b>Fund Balance - Ending</b>	<b>2,734,381</b>	<b>1,912,191</b>	<b>822,190</b>	<b>43.00%</b>



### **Budget Variance in the General Fund**

The original 2022 expense budget was adopted at \$3,269,210. This is a decrease of \$289,530 from the 2021 final adopted budget. In November of 2022, the Board of Health adopted an additional \$200,000 in expenditures for a final 2022 budget of \$3,469,210. The District had begun the planning stages to replace its obsolete elevator, new roof, and environmental health software upgrade. It turns out that most of the projects will be completed in 2023.

## **CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY**

### ***Capital Assets***

Minor changes in capital assets included purchasing one vehicle, replacing generator, depreciation, and addition of right to use equipment.

	Capital Assets at Year-End (net of depreciation)		Variance Positive (Negative)	% Change
	Governmental			
	Activities			
	<u>2022</u>	<u>2021</u>		
Land	\$ 252,157	\$ 252,157	\$ -	0.00%
Building	\$ 579,848	\$ 606,577	\$ (26,729)	-4.41%
Vehicles and equipment	\$ 169,748	\$ 165,524	\$ 4,224	2.55%
Right to use equipment	\$ 26,872	\$ -	\$ 26,872	
Total capital assets (net)	<u>\$ 1,028,625</u>	<u>\$ 1,024,258</u>	<u>\$ 4,367</u>	<u>0.43%</u>

### ***Debt***

Long-term liabilities consist of compensated absences for \$104K, net pension liability for \$236K, and leases for \$10K.

## **OTHER POTENTIALLY SIGNICANT MATTERS**

COVID-19 had several impacts for the District but was more positive as adjustment were made throughout the year when new information became available.

We were considered essentials workers, so no one was laid off. We made office modifications to keep staff separate from each other and the public, created office space where ever possible, and established policies as needed. At times all offices closed to the public and staff worked from home when feasible.

The extra expenditures incurred was covered by COVID-19 grants. Most of the staff was able to switch their work into COVID related activities beside the staff that was hired exclusively with COVID funding.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, and customers with a general overview of the District's finances and to show the District's accountability for the money it receives. The financial statements are audited on an annual basis by the Washington State Auditor's Office in accordance with Uniform Guidance 2 CFR Part 200. Upon completion of the audit and issuance of the audit report, the report will be available by contacting the District or through Washington State Auditor's Office. Other questions or additional financial information should be addressed to:

Northeast Tri County Health District  
240 E. Dominion Ave.  
Colville, WA 99114  
(509) 684-2262

Northeast Tri County Health District

**STATEMENT OF NET POSITION**

December 31, 2022

	Governmental Activities
<b>ASSETS</b>	
<i>Current Assets</i>	
Cash and cash equivalents	405,838
Investments	2,055,000
Accounts Receivable (net)	20,761
Due from Other Governments	470,276
Total Current Assets	<u>\$ 2,951,875</u>
<i>Noncurrent Assets</i>	
Capital assets not being depreciated	\$ 252,157
Capital assets being depreciated (net)	749,596
Right to use equipment being depreciated (net)	26,872
Net Pension Assets	410,191
Total noncurrent assets	<u>\$ 1,438,816</u>
<b>Total Assets</b>	<u><u>\$ 4,390,691</u></u>
<b>DEFERRED OUTFLOWS of RESOURCES</b>	
Deferred outflows related to pensions	\$431,116
<b>Total Deferred Outflows of Resources</b>	<u>\$431,116</u>
<b>LIABILITIES</b>	
<i>Current Liabilities</i>	
Accounts payable	82,921
Wages payable	110,329
Lease payable	16,967
Total current liabilities	<u>210,217</u>
<i>Noncurrent liabilities</i>	
Lease	10,838
Compensated absences	\$104,900
Net pension liability	\$236,671
Total Noncurrent Liabilities	<u>352,409</u>
<b>Total Liabilities</b>	<u>562,626</u>
<b>DEFERRED INFLOWS of RESOURCES</b>	
Unavailable revenue	\$24,244
Deferred inflows related to pensions	\$464,641
<b>Total Deferred Inflows of Resources</b>	<u>\$488,885</u>
<b>NET POSITION</b>	
Net investment in capital assets	1,028,625
Restricted for: Pension Asset	410,191
Unrestricted	2,331,480
<b>Total Net Position</b>	<u><u>\$ 3,770,296</u></u>

*The Accompanying Notes are an Integral Part of This Statement*

**Northeast Tri County Health District**

**STATEMENT OF ACTIVITIES**

Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
<b>Primary Government:</b>				
Social Services	2,901,542	454,428	1,492,611	(954,503)
<b>Total Governmental Activities</b>	2,901,542	454,428	1,492,611	(954,503)

<b>General Revenues:</b>	
Contributions not Restricted to Specific Programs	1,873,027
Unrestricted Investment Earnings	26,575
Miscellaneous	15,469
<b>Total General Revenues</b>	1,915,071
Changes in Net Position	960,568
Net Position - Beginning	2,794,786
Prior Period Adjustment	14,942
Net Position - Ending	3,770,296

*The Accompanying Notes are an Integral Part of the Statement*

**Northeast Tri County Health District**

**BALANCE SHEET**

Governmental Funds  
December 31, 2022

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$405,838
Investments	\$2,055,000
Accounts Receivable (net)	\$20,761
Due from Other Governments	<u>\$470,276</u>
<b>Total Assets</b>	<u>\$2,951,875</u>
 <b>LIABILITIES and FUND BALANCES</b>	
Liabilities:	
Accounts Payable	\$82,921
Wages Payable	<u>\$110,329</u>
<b>Total Liabilities</b>	<u>\$193,250</u>
 <b>Deferred Inflows of Revenue</b>	
Unavailable Revenue	\$24,244
 <b>FUND BALANCES</b>	
Assigned	\$21,300
Unassigned	<u>\$2,713,081</u>
<b>Total Fund Balances</b>	<u>\$2,734,381</u>
 <b>Total Liabilities and Fund Balances</b>	<u><u>\$2,951,875</u></u>

Reconciliation of the Balance Sheet to the Statement of Net Position:

Amounts reported for <i>governmental activities</i> in the statement of net position are different because: balance in govt. funds	2,734,381
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund.	1,028,625
Pension assets used in governmental activities are not financial resources and therefore are not reported in the funds.	410,191
Deferred outflows of resources related to pensions	431,116
Some liabilities are not due and payable in the current period and therefore are not reported in the fund:	
Compensated Absences	(104,900)
Lease	(27,805)
Net pension liability	(236,671)
Deferred inflows of resources related to pensions	(464,641)
Net position of governmental activities	3,770,296

*The Accompanying Notes are an Integral part of This Statement*

**Northeast Tri County Health District**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

Governmental Funds  
Year Ended December 31, 2022

	GENERAL FUND
<b>REVENUES</b>	
Licenses and Permits	\$339,916
Charges for Service	\$114,512
Intergovernmental Revenues	\$3,365,638
Investment Earnings	\$26,575
Miscellaneous	\$15,469
<b>Total Revenues</b>	<b>\$3,862,110</b>
<b>EXPENDITURES</b>	
Public Health	
Personnel Services	\$1,996,144
Supplies	\$174,161
Other Services and Charges	\$839,245
Capital Outlay	\$44,824
Debt Service	\$488
<b>Total Expenditures</b>	<b>\$3,054,862</b>
Excess (Deficiency) of Revenues over Expenditures	<b>\$807,248</b>
<b>OTHER FINANCING SOURCES (USES)</b>	
Other Sources	\$0
Other Uses	\$0
<b>Total Other Financing Sources and Uses</b>	<b>\$0</b>
Net Change in Fund Balances	\$807,248
Fund Balances - Beginning	\$1,912,191
Prior Period Adjustment	\$14,942
Fund Balances - Ending	<b>\$2,734,381</b>

Reconciliation of the Statement of Revenue, Expenditures, and Changes  
in the Fund Balance to the Statement of Activities:

Change in Fund Balance	\$807,248
Right to use equipment (net)	(\$933)
Capital Outlays	\$44,824
Sale of Capital Assets	(\$6,733)
Compensated Absences (net)	\$1,348
Depreciation (net)	(\$60,596)
Net Pension Obligation	\$175,410
Change in Net Position of Governmental Activities	\$960,568

*The Accompanying Notes are an Integral Part of This Statement*



## **Northeast Tri County Health District**

### **Notes to Financial Statements**

January 1, 2022 through December 31, 2022

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

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

##### **A. Reporting Entity**

The District was formed February 1977 with the resolution making the action retroactive to January 1, 1977 and operates under the laws of the state of Washington applicable to special purpose districts/non-profits with board form of government.

As required by the generally accepted accounting principles the financial statements present the District - the primary government.

The establishment of the District is an agreement between the cities, towns, and counties of Northeast Washington State under R.C.W. 70.46, to provide public health services in Ferry, Pend Oreille, and Stevens Counties and the twelve (12) incorporated communities of Chewelah, Colville, Cusick, Lone, Kettle Falls, Marcus, Metaline, Metaline Falls, Newport, Northport, Republic, and Springdale. The District is governed by a nine (9) member Board of Health. The Board is responsible for establishing District policy, assessing community public health needs, approving the annual budget, and reviewing ongoing activities of the District. The members of the Board of Health are elected officials from the cities, towns, and counties in the tri county area.

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

The general fund is the operating fund. It accounts for all the financial resources of the general government.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

**D. Budgetary Information**

*1. Scope of Budget*

Annual appropriated budget is adopted for the general fund on the accrual basis of accounting. Expenditures may not exceed appropriations and the budget constitutes the legal authority for expenditures at that level. Appropriations for the general fund lapse at year-end. The District has an established policy intended to provide general procedures to establish and manage the District financial budget

*2. Amending the Budget*

The Administrator and the Fiscal Manager are authorized to transfer budgeted amounts between object classes; however, any revisions that alter the total expenditures of the District, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the Board of Health.

When the Administrator and Fiscal Manager determine that it is in the best interest of the District to increase or decrease the appropriations of the general fund, it may do so by resolution approved by majority vote of the Board of Health and an affirmative vote from one county commissioner of each respective county.

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

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

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

**1. Cash and Cash Equivalents**

The District invests temporary cash surplus at its discretion. Stevens County is the treasurer for the Health District. At December 31, 2022, the treasurer was holding \$401,828.42 in cash. The District also has three bank accounts that include \$2,560.00 at Washington Federal Banks and \$500.00 at Banner Bank. The District has petty cash and change funds in the amount of \$950.00. These amounts are classified on the balance sheet as cash and cash equivalents.

**2. Investments - See Note #7, Deposits and Investments**

**3. Receivables**

Customer account receivables consist of amounts owed from private individuals or organizations for goods and services including amounts owed for which billings have not been prepared.

**4. Inventories**

Inventories in governmental funds consist of expendable supplies held for consumption. The cost is recorded as expenditure at the time individual inventory items are purchased.

**5. Capital Assets - See Note #4, Capital Assets**

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

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.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Computer/Technology System	4
Vehicles/Office furniture	7
Buildings	40
Land	Unlimited

6. *Leases*

This lease payable consists of amounts recorded in compliance with GASB 87, Leases.

The District has recorded the lease payable and associated right to use assets. See Lease Note 2 for more information.

7. *Compensated Absences*

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

Annual leave pay is accrued according to one's percent of full time equivalent and length of service. Employees who work based on 7.5-hour days can accumulate a maximum of 225 hours of vacation. Compensation is based on current wages at termination paid to the employee or to their estate upon death of the employee.

Sick leave buyout will be paid to employees (or their estate on their death) who separate from the District due to retirement, death, or resign in good standing after 20 years of service at the rate of twenty-five (25) percent. Compensation is based on the employee's salary at the time of separation.

Employees who separate for any reason other than retirement, death, or resignation in good standing after 20 years of service will not be paid for their accumulated sick leave.

8. *Pensions*

For purpose of measuring the net pension liability, net pension 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 purposes of calculating the restricted net position related to the net pension assets, the District includes the net pension asset and the related deferred outflows and deferred inflows.

9. *Other Accrued Liabilities*

These accounts consist of accrued wages, accrued employee benefits, and accrued vouchers.

10. *Long-Term Debt – See Note #4, Long-Term Debt*

11. *Fund Balance Classification*

On the Balance Sheet-Governmental Funds, assets in excess of liabilities are reported as fund balances and are segregated into separate classifications indicating the extent to

which the District is bound to honor constraints on specific purposes for which those funds can be spent.

- a. Fund balance is reported as *Committed* when the Board of Health (the government's highest level of decision-making authority) adopts a resolution that places specific constraints on how the resources may be used. Once adopted, the commitment remains until it is modified or rescinded by the adoption of a new resolution by the Board.
- b. Amounts in the *Assigned* fund balance category do not meet the criteria to be classified as committed and are generally more temporary in nature. In other words, additional action does not need to be taken to remove the assignment. *Assigned* fund balance is reported when the intent to use funds for a specific purpose is formally expressed by the Board of Health or by the Board's designee.

The Board of Health authorized the assigned fund balance amounts within the General Fund of \$21,300. Of which, \$13,700 is for unemployment compensation and \$7,600 is for communicable disease. Generally, expenditures are spent from the unassigned fund balance to maintain the assigned fund balance amounts for future expenditures.

- c. Fund balance is reported as *Non-spendable* when the resources cannot be spent because they are either in a non-spendable form or are legally or contractually required to be maintained intact. Resources in non-spendable form may include inventories, certain long-term contracts/notes receivable, and prepaid items.
- d. Fund balance is reported as *Restricted* when the constraints placed on the use of resources are either: (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.
- e. For the classification of fund balances: whether restricted, committed, assigned, or unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

## **NOTE 2 – ACCOUNTING AND REPORTING CHANGES**

The District implemented GASB 87, Leases on January 1, 2022. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognizes as inflows of resources or outflows of resources based on the foundational principle that leases are financings of the right to use on underlying asset.

## **NOTE 3 - CAPITAL ASSETS**

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

Governmental Activities	Beginning Balance 1/1/2022	Increases	Decreases	Ending Balance 12/31/2022
<b>Capital Assets, not being depreciated:</b>				
Land	252,157	-	-	252,157
Total Capital Assets, not being depreciated	\$ 252,157	\$ -	\$ -	\$ 252,157
<b>Capital Assets , being depreciated:</b>				
Buildings	1,069,169	-	-	1,069,169
Machinery & Equipment	399,238	44,824	(6,733)	437,329
Right to Use Equipment	-	26,872	-	26,872
Total Capital Assets, being depreciated	\$ 1,468,407	\$ 71,696	\$ (6,733)	\$ 1,533,370
<b>Less Accumulated Depreciation for:</b>				
Buildings	(462,592)	-	(26,729)	(489,321)
Machinery & Equipment	(233,714)	6,733	(40,600)	(267,581)
Total Accumulated Depreciation	\$ (696,306)	\$ 6,733	\$ (67,329)	\$ (756,902)
Total Capital Assets, being depreciated, Net	772,101	78,429	(74,062)	776,468
Governmental Activities Capital Assets, Net	\$ 1,024,258	\$ 78,429	\$ (74,062)	\$ 1,028,625

#### NOTE 4 - CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2022, the following changes occurred in long-term liabilities:

Governmental Activities:	Beginning Balance 1/1/2022	Additions	Reductions	Ending Balance 12/31/2022	Due Within One Year
Compensated Absences	106,248	22,942	(24,290)	104,900	
Net Pension Liability	98,737	137,934	-	236,671	
Lease	-	27,805	-	27,805	16,967
Governmental Activity long-term liability	\$ 204,985	\$ 188,681	\$ (24,290)	\$ 369,376	\$ 16,967

#### NOTE 5 - CONTINGENCIES AND LITIGATIONS

The District has a pending and threatening litigation concerning a records request that was initiated in 2022. A citizen had requested information about a recently published audit report. The District responded promptly and with information believing it that the situation was completely handled. A year later, the District is being sued. The District's insurance policy does not cover this and has hired an outside attorney to represent us.

The District participates in a number of federal- and state-assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to

grantor agencies for expenditures disallowed under the terms of the grants. District management believes that such disallowances, if any, will be immaterial.

#### **NOTE 6 – COVID-19 PANDEMIC**

In February 2020, the Governor of the State of Washington declared a state of emergency in response to the spread of COVID-19. Precautionary measures to slow the spread of the virus continued throughout 2021. These measures included limitations on business operations, public events, gatherings, travel, and in-person interactions.

The District is actively participating in developing, planning, and contact tracing, investigation, vaccine distribution, and vaccine clinics for which the Department of Health has dedicated funds to support such activities. The management proactively implemented safety measures and continues to monitor the situation for any operational or financial effects, and have staff work remotely and/or close offices when necessary.

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

#### **NOTE 7 - DEPOSITS AND INVESTMENTS**

The District deposits are made with the Stevens County Treasurer who complies with Washington State laws. They are entirely covered by Federal Depository Insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

The District invests temporary cash surpluses at its discretion. Stevens County Treasurer was holding \$401,828 in cash for the District and the remainder of funds was invested. The District also has three bank accounts that include \$2,560 at Washington Federal Banks and \$500 at Banner Bank. If cash is needed, the District will request the County Treasurer's office to transfer investment to cash.

As of December 31, 2022, the Stevens County Treasurer held the following at cost investments in the State Investment Pool at no custodial credit risk for the District:

GENERAL FUND
\$2,055,000

#### Investments in Stevens County Investment Pool

The District is a participant in the Stevens County investment pool, an external investment pool operated by the County Treasurer. The pool is not rated or registered with the SEC. Rather, oversight is provided by the County Finance Committee in accordance with RCW 36.48.070. The District reports its investment in the Pool at amortized cost, which is the same as the value of the Pool per share. The County's investment policy is established by the Finance Committee consisting of the Chairman of the Board of Commissioners, the Treasurer, the Finance Director, and the Auditor. Primary objectives of the policy, in order of priority, are safety, liquidity, and return on investment. The county external investment pool does not have a credit rating and has a weighted average maturity of 60 days or less.

## NOTE 8 – LEASEES

The District leased one office space for \$1,320 per month in a 2-year lease arrangement. The lease began in July 2021 and will end in June 2023 with a two-year renewal.

The District leases two postage machines for \$506.13 per quarter in a five-year lease arrangement. The lease began in August 2019 and will end in July 2024. Also, three copiers are leased for \$625.86 per month in a 60-month lease arrangement. The lease began in May 2020 and will end in April 2025. Both equipment leases are without renewal options.

The District reduced its lease liability by \$25,375 in 2022 for payments made and recorded \$488 in interest expense associated with these lease payments.

The schedule of future payments on these assets included in the measurement of the lease liability is as follows:

Year ended			
December 31	Principal	Interest	Total
2023	16,967	488	17,455
2024	8,348	175	8,523
2025	2,490	14	2,504
Total	27,805	677	28,482

The total right to use asset and lease liability recorded as of January 1, 2022 was \$50,682. Information can also be found in Note 3 Capital Assets, on the related to the Right to Use assets and annual amortization accounted for through these leases.

	Asset Recorded		Book Value
Right to Use Equipment	1/1/2022	Amortization	12/21/2022
Office	22,253	14,835	7,418
Copiers	23,303	6,991	16,312
Postage Machines	5,126	1,984	3,142
Total	50,682	23,810	26,872

## NOTE 9 - PENSION PLANS

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

Aggregate Pension Amounts – All Plans	
Pension liabilities	(236,671)
Pension assets	410,191
Deferred outflows of resources	431,116
Deferred inflows of resources	(464,641)
Pension expense/expenditures	(29,312)

### 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).

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

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

**PERS Plan 1** provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

### Contributions

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

<b>Actual Contribution Rates</b>	<b>Employer</b>	<b>Employee*</b>
January – August 2022		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	3.71%	
Administrative Fee	0.18%	
<b>Total</b>	<b>10.25%</b>	<b>6.00%</b>
September - December 2022		
PERS Plan 1	6.36%	6.00%
PERS plan 1 UAAL	3.85%	
Administrative Fee	0.18%	
<b>Total</b>	<b>10.39%</b>	<b>6.00%</b>

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

**PERS Plan 2/3** provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with full

benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

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

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

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

#### Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at .018 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2022 were as follows:

<b>PERS Plan 2/3</b>		
<b>Actual Contribution Rates</b>	<b>Employer 2/3</b>	<b>Employee 2*</b>
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
<b>Total</b>	<b>10.25%</b>	<b>6.36%</b>
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
<b>Total</b>	<b>10.39%</b>	<b>6.36%</b>

\*For employees participating in JBM, the contribution rate was 15.90%.

The District's actual PERS plan contributions were \$54,239 to PERS plan 1 and \$91,858 to PERS Plan 2/3 for the year ended December 31, 2022.

### **Actuarial Assumptions**

The total pension liability (TPL) 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 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%

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. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to protect 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 PFC and the LEOFF Plan 2 Retirement Board. The investment return assumption was reduced from 7.5% (7.4% for LEOFF 2) 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 7.00%.

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.

#### 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, 2021. 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%	1.5%
Tangible Assets	7%	4.7%
Real Estate	18%	5.4%
Global Equity	32%	5.9%
Private Equity	23%	8.9%
	<b>100%</b>	

#### Sensitivity of Net Pension Liability/(Asset)

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

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
PERS 1	316,189	236,671	167,270
PERS 2/3	483,054	(410,191)	(1,144,048)

#### Pension Plan Fiduciary Net Position

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

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

At June 30, 2022, the District reported its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	(236,671)
PERS 2/3	410,191

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

	Proportionate Share 6/30/21	Proportionate Share 6/30/22	Change in Proportion
PERS 1	.008085%	.008500%	.000415%
PERS 2/3	.010394%	.011060%	.000666%

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 except LEOFF 1.

#### Pension Expense

For the year ended December 31, 2022, the District's recognized pension expense as follows:

	Pension Expense
PERS 1	\$119,374
PERS 2/3	(\$148,678)
TOTAL	(\$29,304)

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

At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$0	\$0
Net difference between projected and actual investment earnings on pension plan investments	\$0	(\$39,223)
Changes of assumptions	\$0	\$0
Changes in proportion and differences between contributions and proportionate share of contributions	\$0	\$0
Contributions subsequent to the measurement date	\$27,266	\$0
TOTAL	\$27,266	(\$39,223)

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$101,636	(\$9,286)
Net difference between projected and actual investment earnings on pension plan investments	\$0	(\$303,257)
Changes of assumptions	\$228,625	(\$59,862)

Changes in proportion and differences between contributions and proportionate share of contributions	\$27,971	(\$53,013)
Contributions subsequent to the measurement date	\$45,618	\$0
TOTAL	\$403,850	(\$425,418)

Total Plans	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$101,636	(\$9,286)
Net difference between projected and actual investment earnings on pension plan investments	\$0	(\$342,480)
Changes of assumptions	\$228,625	(\$59,862)
Changes in proportion and differences between contributions and proportionate share of contributions	\$27,971	(\$53,013)
Contributions subsequent to the measurement date	\$72,884	\$0
TOTAL	\$431,116	(\$464,641)

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

Year ended December 31:	PERS 1	PERS 2/3
2023	(\$16,599)	(\$107,144)
2024	(\$15,076)	(\$95,080)
2025	(\$18,912)	(\$100,047)
2026	11,363	138,919
2027	\$0	49,400
Thereafter	\$0	46,766

#### NOTE 10 - RECEIVABLE AND PAYABLE BALANCES

##### A. Receivables

Receivables at December 31, 2022 were as follows:

	Accounts	Taxes	Special Assessments	Due from Other Government	Other	Total
Governmental Activities:	0	0	0	\$470,276	\$20,761	\$491,037

##### B. Payables

Payables at December 31, 2022 were as follows:

	Vendors	Salaries and benefits	Total
Governmental Activities:	\$37,205	\$156,045	\$193,250

## NOTE 11 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

## NOTE 12 - RISK MANAGEMENT (for participating member of pool)

Northeast Tri County Health District 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 ending 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

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays <sup>(1)</sup>
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. By meeting established guidelines, the co-pay may be waived.

#### Property <sup>(2)</sup>:

Buildings and Contents	Per Occurrence	\$250,000	\$1 billion	\$1,000 - \$250,000
Mobile Equipment	Per Occurrence	\$250,000	\$1 billion	\$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
Sublimit <sup>(5)</sup> :				
Flood	Per Occurrence	\$250,000	\$50 million (shared by Pool members)	\$1,000 - \$250,000
Earthquake	Per Occurrence	5% of indemnity, subject to \$250,000 minimum	\$10 million (shared by Pool members)	\$1,000 - \$250,000
Terrorism Primary	Per Occurrence Pool Aggregate	\$250,000	\$100 million per occurrence \$200 million aggregate	\$1,000 - \$250,000
Terrorism Excess	Per Occurrence APIP Per Occurrence APIP Aggregate	\$500,000	\$600 million/ Pool aggregate \$1.1 billion/ per occurrence APIP program \$1.4 billion/ APIP program aggregate	\$0
Automobile Physical Damage <sup>(6)</sup>	Per Occurrence	\$25,000; \$100,000 for Emergency Vehicles; \$250,000 for Emergency Vehicles valued >\$750,000	\$1 billion	\$250 - \$1,000



Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays <sup>(1)</sup>
<b>Crime Blanket</b> <sup>(7)</sup>	Per Occurrence	\$50,000	\$1 million	\$1,000
<b>Named Position</b> <sup>(8)</sup>	Per Occurrence	\$50,000	\$1 million	\$1,000
<b>Cyber</b> <sup>(9)</sup>	Each Claim	\$100,000	\$2 million	20% Copay
	APIP Aggregate		\$40 million	
<b>Identity Fraud Expense Reimbursement</b> <sup>(10)</sup>	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 \$1 billion 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 \$2 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.

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 13 – PRIOR PERIOD ADJUSTMENT**

Due from other governments was understated by \$11,077 (having to estimate fourth quarter billing for Medicaid Administrative Claiming), and accounts payable was overstated by \$3,865. The result was an understatement of \$14,942 in ending net position for 2021.

**Required Supplementary Information**

Northeast Tri County Health District

**BUDGETARY COMPARISON SCHEDULE**

General Fund

For the Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	with Final Budget Positive (Negative)
Budgetary Fund Balance, January 1			\$ 1,927,133	
Resources (Inflows):				
Licenses and Permits	\$ 327,650	\$ 327,650	\$ 339,916	\$ 12,266
Charges for Goods and Services	\$ 56,400	\$ 56,400	\$ 114,512	\$ 58,112
Intergovernmental Revenues	\$ 2,879,160	\$ 3,079,160	\$ 3,365,638	\$ 286,478
Miscellaneous	\$ 1,000	\$ 1,000	\$ 15,469	\$ 14,469
Interest Received	\$ 5,000	\$ 5,000	\$ 26,575	\$ 21,575
Amounts Available for Appropriation	<u>\$ 3,269,210</u>	<u>\$ 3,469,210</u>	<u>\$ 3,862,110</u>	<u>\$ 392,900</u>
Charges to Appropriations (Outflows):				
General Government:				
Public Health	\$ 3,027,710	\$ 3,227,710	\$ 3,010,038	\$ 217,672
Capital Outlay	\$ 241,500	\$ 241,500	\$ 44,824	\$ 196,676
Total Charges to Appropriations	<u>\$ 3,269,210</u>	<u>\$ 3,469,210</u>	<u>\$ 3,054,862</u>	<u>\$ 414,348</u>
Budgetary Fund Balance, December 31			<u>\$ 2,734,381</u>	

**Required Supplementary Information – State Sponsored Plans**  
Northeast Tri County Health District

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**PERS 1**

As of June 30

Last 8 Fiscal Years\*\*

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	Employer's covered employee payroll***	Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	0.008500%	\$ 236,671	\$ 1,395,481	16.96%	76.56%
2021	0.008085%	98,737	1,249,604	7.90%	88.74%
2020	0.007208%	254,481	1,108,681	22.95%	68.64%
2019	0.007668%	294,862	1,077,106	27.38%	67.12%
2018	0.006935%	309,719	1,023,034	30.27%	63.22%
2017	0.009006%	427,342	1,037,826	41.18%	61.24%
2016	0.009121%	489,841	1,153,044	42.48%	57.03%
2015	0.010022%	524,244	1,172,249	44.72%	59.10%

**PERS 2/3**

As of June 30

Last 8 Fiscal Years\*\*

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	Employer's covered employee payroll***	Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	0.011060%	\$ 410,191	\$ 1,395,481	29.39%	106.73%
2021	0.010394%	1,035,410	1,249,604	82.86%	120.29%
2020	0.009341%	119,466	1,108,681	10.78%	97.22%
2019	0.009906%	96,221	1,077,106	8.93%	97.77%
2018	0.008949%	152,796	1,023,034	14.94%	95.77%
2017	0.011584%	402,489	1,037,826	38.78%	90.97%
2016	0.012038%	606,104	1,153,044	52.57%	85.82%
2015	0.013893%	496,405	1,172,249	42.35%	89.20%

Notes to Schedule: \*The District full and part-time employees participate in two Public Employees' Retirement System (PERS), one is considered PERS 1 and the other plan is PERS 2/3. The pension calculation was performed using figures from Department of Retirement Systems (DRS). DRS issues a Participating Employer Financial Information (PEFI) on their fiscal year-end June 30, 2022.

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

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

**Required Supplementary Information – State Sponsored Plans**  
Northeast Tri County Health District

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

PERS 1

As of December 31

Last 8 Fiscal Years\*\*

Year Ended December 31,	Statutorily or contractually required contribution	Contribution in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered employer payroll	Contributions as a percentage of covered employee payroll
2022	\$ 54,239	\$ (54,239)	-	\$ 1,444,582	3.75%
2021	56,026	(56,026)	-	1,311,090	4.27%
2020	56,995	(56,995)	-	1,188,956	4.79%
2019	52,505	(52,505)	-	1,067,544	4.92%
2018	53,759	(53,759)	-	1,061,679	5.06%
2017	49,916	(49,916)	-	1,024,802	4.87%
2016	51,864	(51,864)	-	1,089,988	4.76%
2015	50,688	(50,688)	-	1,167,378	4.34%

PERS 2/3

As of December 31

Last 8 Fiscal Years\*\*

Year Ended December 31,	Statutorily or contractually required contribution	Contribution in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered employer payroll	Contributions as a percentage of covered employee payroll
2022	91,858	(91,858)	-	\$ 1,444,582	6.36%
2021	93,297	(93,297)	-	1,311,090	7.12%
2020	94,072	(94,072)	-	1,188,956	7.91%
2019	81,906	(81,906)	-	1,067,544	7.67%
2018	79,627	(79,627)	-	1,061,679	7.50%
2017	70,458	(70,458)	-	1,024,802	6.88%
2016	69,682	(69,682)	-	1,089,988	6.39%
2015	68,102	(68,102)	-	1,167,378	5.83%

Notes to Schedule: \*The District full and part-time employees participates in two Public Employees' Retirement Systems (PERS), one is considered PERS 1 and the other plan is PERS 2/3. The pension calculation was performed using figures from Department of Retirement Systems (DRS). DRS issues a Participating Employer Financial Information (PEFI) on their year-end June 30, 2022.

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

**Northeast Tri County Health District  
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 Health)	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	7WA700WA1	15,528	-	15,528	-	1
		10.557	7WA700WA7	191,311	-	191,311	-	
		Total ALN 10.557:			206,839	-	-	
Child Nutrition Cluster								
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via Office of Superintendent of Public Instruction)	Summer Food Service Program for Children	10.559	20220708	1,632	-	1,632	-	1
		Total Child Nutrition Cluster:			1,632	-	-	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Stevens County)	COVID 19 - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	20-6221C-125	125,684	-	125,684	-	1
		93.069	NU90TP922043	50,234	-	50,234	-	1
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)								

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

**Northeast Tri County Health District  
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		
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	COVID 19 - Immunization Cooperative Agreements	93.268	NH231P922619	45,936	-	45,936	-	1
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	COVID 19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	NU50CK00051 5	36,085	-	36,085	-	1
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	COVID 19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	NU50CK00051 5	254,357	-	254,357	-	1
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	COVID 19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	NU50CK00051 5	151,033	-	151,033	-	1
<b>Total ALN 93.323:</b>				<b>441,475</b>	<b>-</b>	<b>441,475</b>	<b>-</b>	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Better Health Together)	COVID 19 - Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	CB026840-0	2,809	-	2,809	-	

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

**Northeast Tri County Health District  
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		
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Department of Children, Youth, and Families)	Child Abuse and Neglect Discretionary Activities	93.670	22-1192	19,796	-	19,796	-	1
<b>Medicaid Cluster</b>								
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Health Care Authority)	Medical Assistance Program	93.778	K3073	154,705	-	154,705	-	1
<b>Total Medicaid Cluster:</b>				<b>154,705</b>	<b>-</b>	<b>154,705</b>	<b>-</b>	
HEALTH RESOURCES AND SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	Maternal and Child Health Services Block Grant to the States	93.994	B04MC45251	60,751	-	60,751	-	1
<b>Total Federal Awards Expended:</b>				<b>1,109,861</b>	<b>-</b>	<b>1,109,861</b>	<b>-</b>	

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



**Northeast Tri County Health District**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2022**

**NOTE 1 - BASIS OF ACCOUNTING**

This schedule is prepared on the same basis of accounting as the District's financial statements. The District uses the modified accrual basis for all governmental funds represented on this schedule.

**NOTE 2 – FEDERAL INDIRECT COST RATE**

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

**NOTE 3 - PROGRAM COSTS**

The amounts shown as current year expenditures represent only federal grant portion of the program costs. Entire program costs, including the District's portion, are 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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 PEND GRESLE COUNTY - 605 HIGHWAY 20, NEWPORT, WA 99156 | PHONE : 509-447-3131  
 STEVENS COUNTY - 240 E. DOMINION AVE, COLVILLE, WA 99114 | PHONE : 509-684-2262

## CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED UNDER UNIFORM GUIDANCE

### Northeast Tri County Health District January 1, 2022 through December 31, 2022

This schedule presents the corrective action planned by the District for findings reported in this report in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

<b>Finding ref number:</b> 2022-001	<b>Finding caption:</b> The District did not have adequate internal controls in place to ensure accurate financial reporting on the Schedule of Expenditures of Federal Awards.
<b>Name, address, and telephone of District contact person:</b> Dale House, Fiscal Manager 240 E. Dominion Avenue Colville, WA 99114 (509) 563-8012	
<b>Corrective action the auditee plans to take in response to the finding:</b> <i>Northeast Tri-County Health District appreciates the opportunity to continue working with the State Auditor's Office to improve the accuracy of the Schedule of Expenditures of Federal Awards preparation and reporting. The Finance Department will review SEFA reporting requirements to ensure that all amounts are reported and continue working to improve internal controls to ensure the report is presented in accordance with GAAP.</i>	
<b>Anticipated date to complete the corrective action:</b> Immediate	

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