



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Spokane Regional Health District

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

Published September 29, 2023

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

September 29, 2023

Board of Health
Spokane Regional Health District
Spokane, Washington

Report on Financial Statements and Federal Single Audit

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

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

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

Americans with Disabilities

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Spokane Regional Health District January 1, 2022 through December 31, 2022

SECTION I – SUMMARY OF AUDITOR’S RESULTS

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

Financial Statements

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

Internal Control over Financial Reporting:

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

We noted no instances of noncompliance that were material to the financial statements of the 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
10.561	SNAP Cluster – State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
84.181	Special Education – Grants for Infants and Families

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

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

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

INDEPENDENT AUDITOR'S REPORT

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

Spokane Regional Health District January 1, 2022 through December 31, 2022

Board of Health
Spokane Regional Health District
Spokane, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Spokane Regional Health District, as of and for the year ended December 31, 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 26, 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.

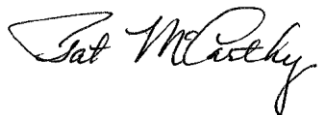
REPORT ON COMPLIANCE AND OTHER MATTERS

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*.

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.



Pat McCarthy, State Auditor

Olympia, WA

September 26, 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

Spokane Regional Health District January 1, 2022 through December 31, 2022

Board of Health
Spokane Regional Health District
Spokane, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the compliance of the Spokane Regional 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.

Other Matters

We noted certain matters related to compliance that we have reported to the management of the District in a separate letter dated September 26, 2023.

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.

In addition, we noted certain matters related to compliance that we have reported to the management of the District in a separate letter dated September 26, 2023.

Purpose of this Report

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

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

Pat McCarthy, State Auditor

Olympia, WA

September 26, 2023

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Spokane Regional Health District January 1, 2022 through December 31, 2022

Board of Health
Spokane Regional Health District
Spokane, 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 Spokane Regional 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 respective financial position of the governmental activities and each major fund of the Spokane Regional Health District, as of December 31, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 1 to the financial statements, in 2022, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

As discussed in Note 14 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 14. 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 26, 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 26, 2023

FINANCIAL SECTION

Spokane Regional 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

Reconciliation – Balance Sheet/Statement of Net Position – 2022

Notes to Financial Statements – 2022

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
– General Fund – 2022

Schedule of the District's Proportionate Share of the Net Pension Liability – PERS 1,
PERS 2/3 – 2022

Schedule of District Contributions – PERS 1, PERS 2/3 – 2022

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

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2022

Notes to the Schedule of Expenditures of Federal Awards – 2022

Spokane Regional Health District
Annual Report
For the Fiscal Year Ended December 31, 2022

MANAGEMENT’S DISCUSSION AND ANALYSIS

This Management Discussion and Analysis (MD&A) of the Spokane Regional Health District (SRHD) provides an introduction to the major activities affecting the operations of the Health District and an introduction and overview to the financial performance and statements of the Spokane Regional Health District for the fiscal year ended December 31, 2022.

Discussion of the Basic Financial Statements

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

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

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

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

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

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

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

Condensed Comparative Financial Data

Governmental Activities

The changes in net position are a useful indicator of SRHD’s financial position. SRHD’s assets exceeded liabilities by \$23.33 million on December 31, 2022, not including deferred inflows and outflows. The decrease in Current and Other Assets of \$6.77 million is a combined result of GASB Statement No. 68 decrease of \$9.12 million in Net Pension Asset, cash and cash equivalents increased by \$3.03 million, and receivables decreased by \$678 thousand. District operations resulted in an increase to a net position of \$3.65 million.

**Spokane Regional Health District
Annual Report - Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2022**

General Fund

During the year, the District had revenues of \$49 million and expenses of \$47 million.

In fiscal year 2018, the District adopted GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions. This standard replaces the requirements of GASB Statement No. 45 as it relates to governments that provide postemployment benefits other than pensions administered as trusts or similar arrangements that meet certain criteria. Comparative prior year information, to the extent presented, has not been restated because the necessary information is not available. Updated actuarial assumptions were used in 2022.

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

GENERAL FUND			Change Increase (Decrease)
	<u>2022</u>	<u>2021</u>	<u>(Decrease)</u>
ASSETS:			
Current and Other Assets	\$ 26,132	\$ 32,903	\$ (6,771)
Capital Assets	13,894	9,621	4,273
Total Assets	<u>40,026</u>	<u>42,524</u>	<u>(2,498)</u>
DEFERRED OUTFLOWS OF RESOURCES:			
	<u>6,963</u>	<u>3,946</u>	<u>3,017</u>
LIABILITIES:			
Long-term Liabilities	13,015	13,534	(519)
Other Liabilities	3,682	3,142	540
Total Liabilities	<u>16,697</u>	<u>16,676</u>	<u>21</u>
DEFERRED INFLOWS OF RESOURCES:			
	<u>14,285</u>	<u>17,434</u>	<u>(3,149)</u>
NET POSITION:			
Invested in Capital Assets	9,316	9,621	(305)
Restricted DRS pension PERS 2/3	5,470	-	5,470
Unrestricted	1,220	2,739	(1,519)
TOTAL NET POSITION	<u>\$ 16,006</u>	<u>\$ 12,360</u>	<u>\$ 3,646</u>

Analysis of the Condensed Comparative Statement of Net Position

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

The decrease in capital assets during 2022 reflects the net of \$152,498 in purchases, less \$417,400 in depreciation, less \$212,821 amortization on the intangible right-of-use lease asset, plus \$172,859 debt principal payments.

The decrease in long-term liabilities reflects an increase in Net Pension Liability (NPL) from \$1,368,490 to \$2,966,910, a decrease from \$10,846,510 to \$4,676,309 in Total Other Post-Employment Benefit (OPEB) obligation, a decrease in compensated absences from \$1,319,170 to \$1,211,958 and an addition of lease liability of \$4,160,323 due to GASB 87 implementation.

**Spokane Regional Health District
Annual Report - Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2022**

Condensed Statement of Activities (in thousands):

GENERAL FUND		
Revenues	2022	2021
Charges for Services	12,061	11,974
Operating Grants & Contributions	31,964	32,689
General Revenues	5,004	4,783
Total Revenues	\$ 49,029	\$ 49,446
Program Expenses		
Public Health	45,383	45,727
Total Expenses	\$ 45,383	\$ 45,727
Change in Net Position	3,646	3,719
Total Net Position, January 1	\$ 12,360	\$ 8,641
Total Net Position, December 31	\$ 16,006	\$ 12,360

Overall Analysis of Financial Position and Result of Operations

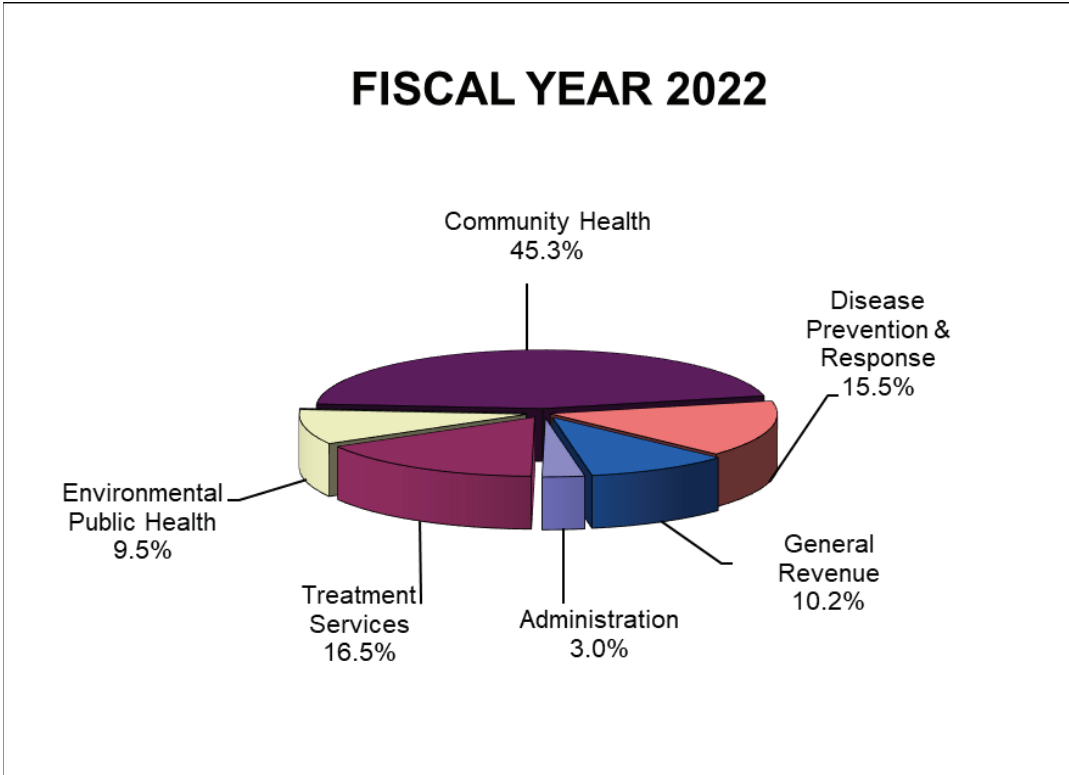
- Total revenues and expenses were similar to 2021 due to the District's continued involvement with the COVID-19 pandemic response efforts. 2022 revenues in excess of expenses resulted in an increase in our fund balance of \$2.018 million.
- In January 2022, the Quality, Planning & Assessment division programs were moved to the Community Health division (Health Equity) and Disease Prevention & Response division (Data Center, Strategic Planning). These programs were originally budgeted under the Quality, Planning & Assessment division. The HIV Case Management program was moved from Disease Prevention & Response division to the Community Health division. Public Health Emergency Preparedness program was moved from Disease Prevention & Response division to Administration division.

A summary of revenues for the year ended December 31, 2022, and the amount and percentage change in relation to prior year amounts is as follows (in thousands):

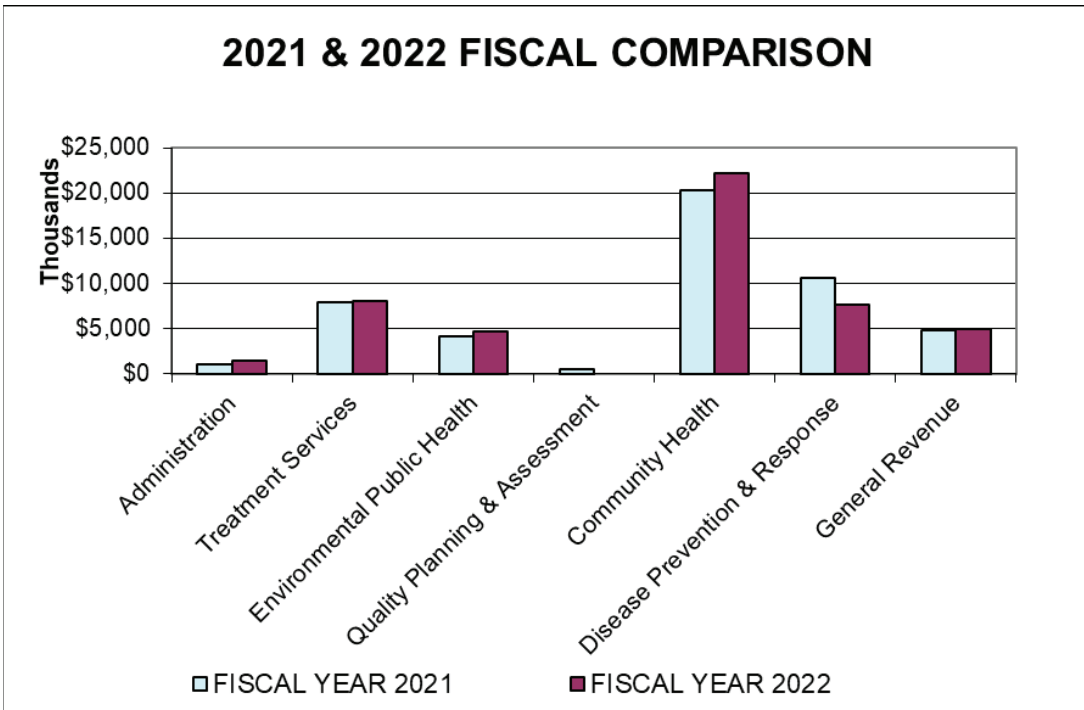
	2022	2021	Amount Increase (Decrease)	Percent Increase (Decrease)
PROGRAM REVENUES:				
Treatment Services	8,077	7,966	111	1.4%
Environmental Public Health	4,675	4,200	475	11.3%
Quality Planning & Assessment	-	580	(580)	-100.0%
Community Health	22,199	20,236	1,963	9.7%
Disease Prevention & Response	7,599	10,584	(2,985)	-28.2%
Administration	1,476	1,097	379	34.5%
TOTAL PROGRAM REVENUES	44,026	44,663	(637)	-1.4%
GENERAL REVENUE	5,004	4,783	221	4.6%
TOTAL REVENUES	\$ 49,030	\$ 49,446	\$ (416)	-0.8%

Spokane Regional Health District Annual Report - Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2022

The following chart shows revenues by division for the fiscal year ended December 31, 2022:

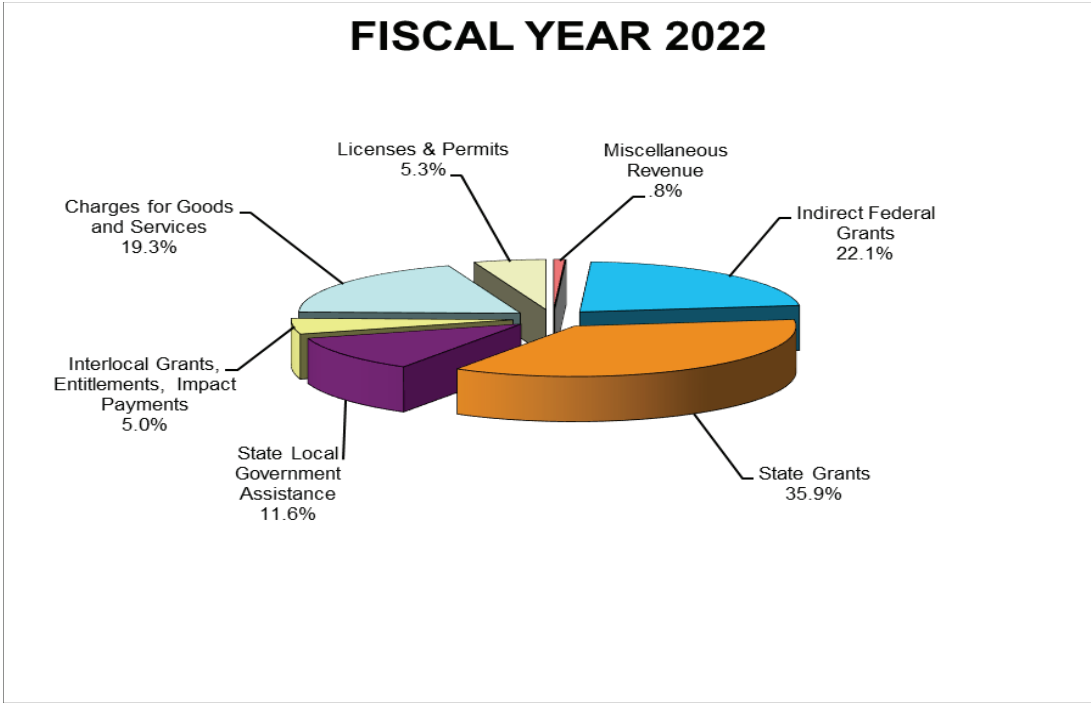


A comparison of revenues by division for fiscal years ending December 31, 2021, and 2022 follows:

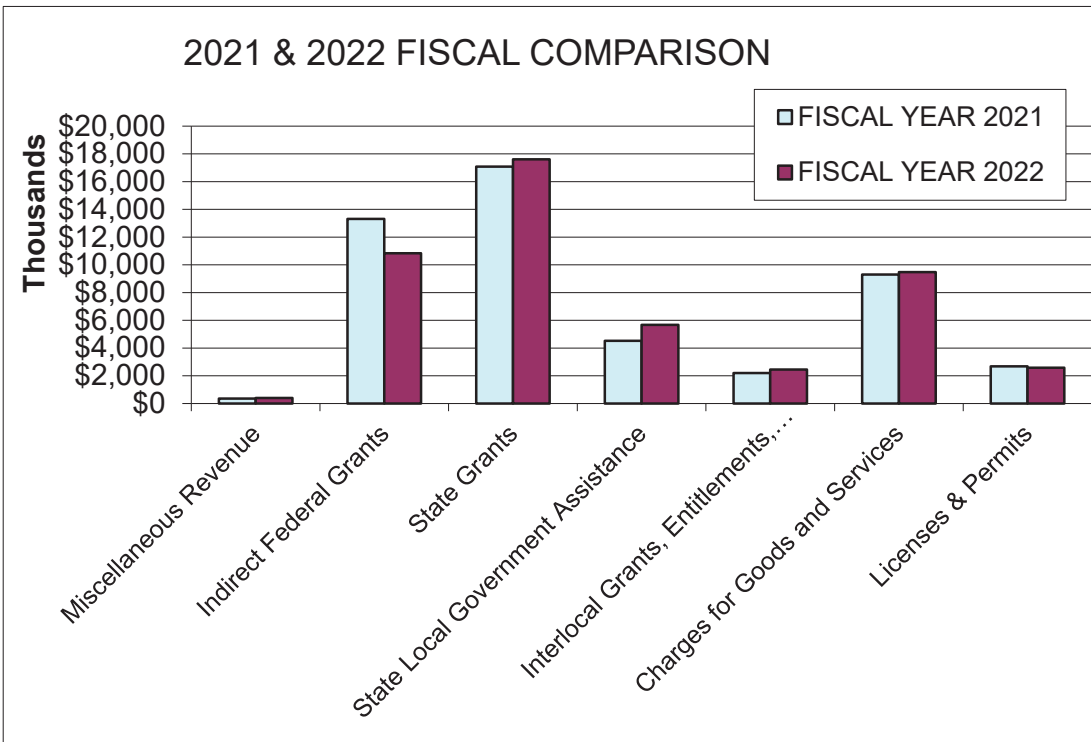


Spokane Regional Health District Annual Report - Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2022

The following chart shows the major sources and the percentage of total operating revenues for the fiscal year ended December 31, 2022:



A comparison of revenues by source for fiscal years ending December 31, 2021, and 2022 follows:



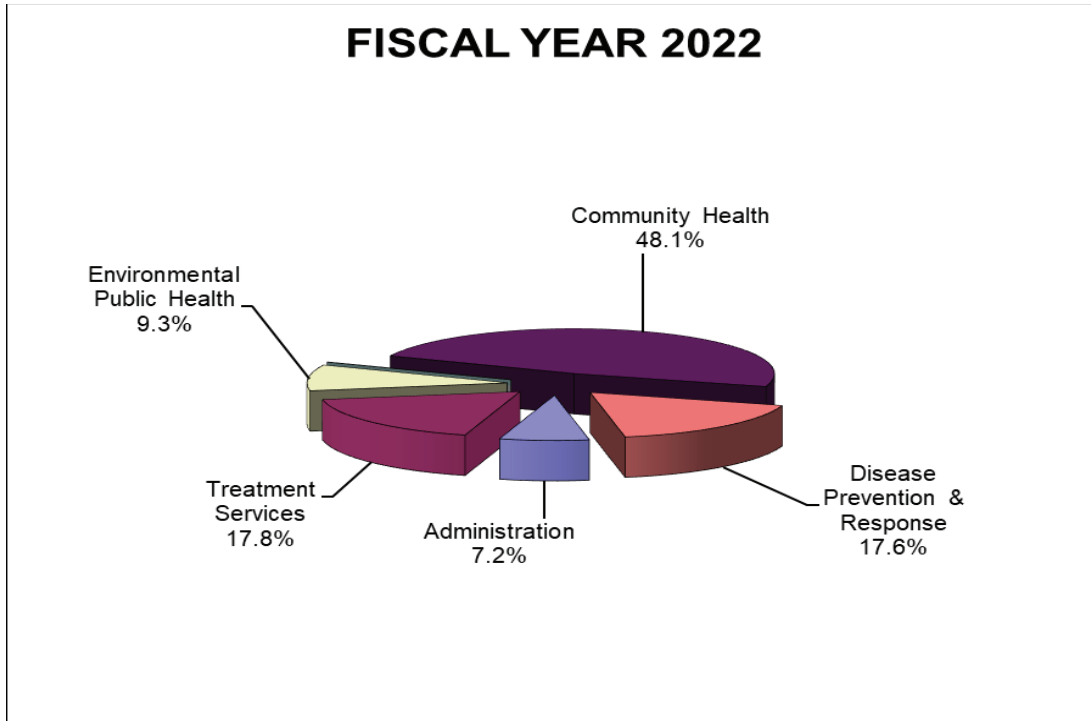
**Spokane Regional Health District
Annual Report - Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2022**

A summary of program expenditures for the year ended December 31, 2022, and the amount and percentage change in relation to prior year amounts is as follows (in thousands):

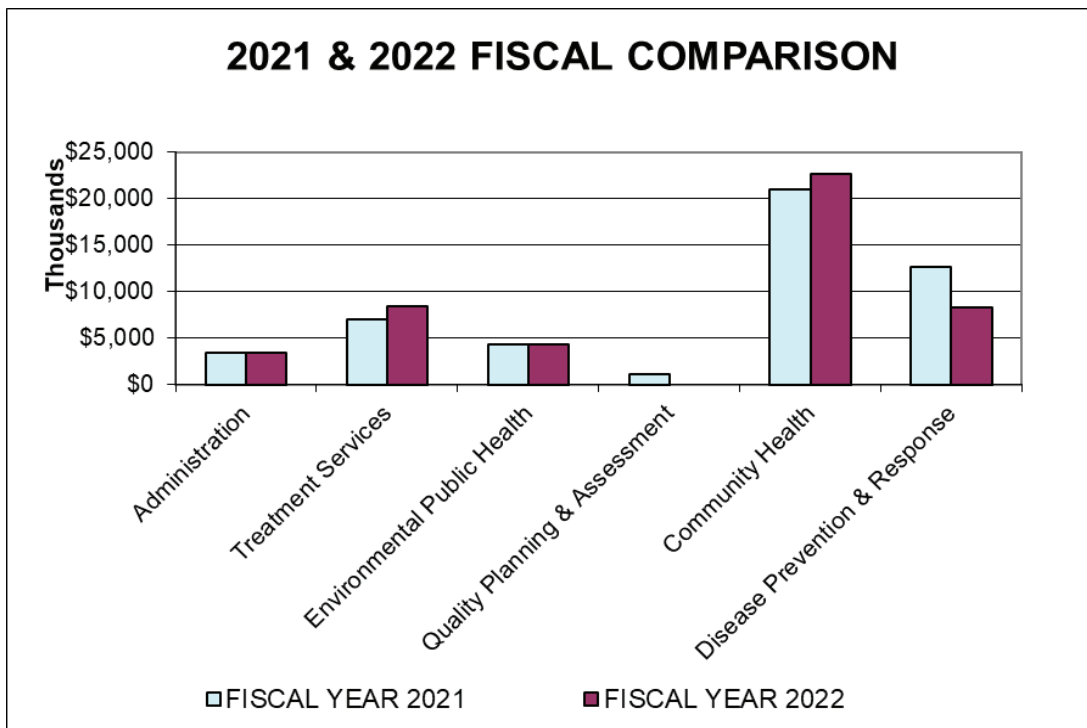
EXPENDITURES:	2022	2021	Amount Increase (Decrease)	Percent Increase (Decrease)
Current:				
Treatment Services	8,297	7,015	1,282	18.3%
Environmental Public Health	4,363	4,335	28	0.6%
Quality Planning & Assessment	-	1,185	(1,185)	100.0%
Community Health	22,659	21,000	1,659	7.9%
Disease Prevention & Response	8,252	12,707	(4,455)	-35.1%
Administration	3,289	3,218	71	2.2%
Capital Outlay	152	197	(45)	-22.8%
TOTAL EXPENDITURES	\$ 47,012	\$ 49,657	\$ (2,645)	-5.3%

Spokane Regional Health District Annual Report - Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2022

The following chart shows expenditures by division for the fiscal year ended December 31, 2022:

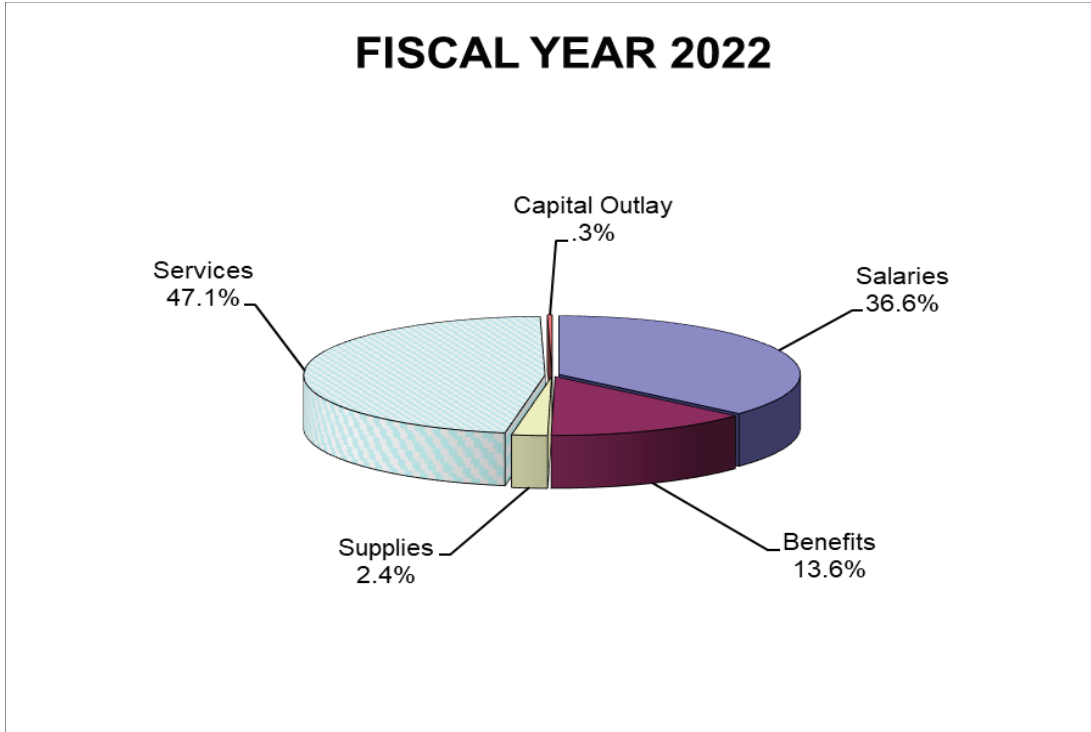


A comparison of expenditures by division for fiscal years ending December 31, 2021, and 2022 follows:



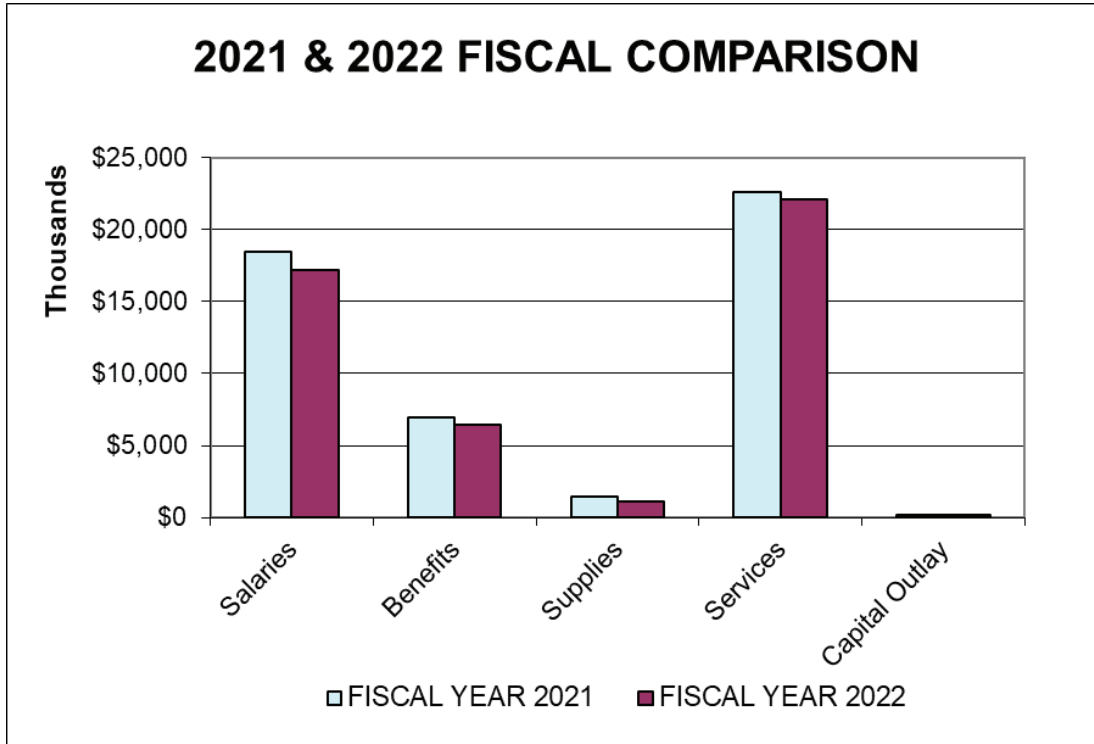
**Spokane Regional Health District
Annual Report - Management's Discussion and Analysis
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The following chart shows expenditures by object for the fiscal year ended December 31, 2022:



A comparison of expenditures by object for fiscal years ending December 31, 2021, and 2022 follows:

**Spokane Regional Health District
Annual Report - Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2022**



Budget Variances in the General Fund

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

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

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

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

**Spokane Regional Health District
Annual Report - Management's Discussion and Analysis
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A condensed summary of SRHD's 2022 original and final budget is presented below along with 2022 actual and a calculated variance with the final budget (in thousands):

	Original Budget	Final Budget	Actual Amounts	Variance Over (Under) Final Budget
General Fund Balance, January 1	\$3,970	\$3,970	\$14,831	\$10,862
Resources / Revenues	47,873	53,182	49,030	(4,153)
Appropriations / Expenditures	47,873	53,182	47,012	(6,171)
General Fund Balance, December 31	\$3,970	\$3,970	\$16,849	\$12,880

Capital Asset and Long-Term Debt Activity

For the year ended December 31, 2022, the District implemented guidance for the presentation and disclosures of leases, as required in response to the provisions of GASB Statement No. 87. The District now reports a lease asset of \$4,537,833 and a lease liability of \$4,577,795 on the Statement of Net Position. Amortization of the lease asset and interest expense are reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance.

The District implemented the changes with no significant impact on the financial position or reporting.

Other Potentially Significant Matters

In February 2020, the Governor of the State of Washington declared a state of emergency in response to the spread of 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 continues to respond to COVID-19 in our community. The District received federal funding through the Washington State Department of Health.

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

Spokane Regional Health District
Statement of Net Position
December 31, 2022

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 12,007,723
Receivables (net)	9,002,044
Inventories	11,000
Net Pension Asset	5,111,368
Capital Assets not being depreciated:	
Land	400,500
Capital Assets net of accumulated depreciation:	
Buildings & Structures	6,849,725
Leasehold Improvements	1,697,946
Machinery and Equipment	407,992
Intangible Right-of-Use Lease	4,537,833
Total Capital Assets	13,893,996
Total Assets	\$ 40,026,131
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pensions	5,443,524
Deferred Outflows Related to OPEB	1,519,442
Total Deferred Outflows of Resources	6,962,966
LIABILITIES	
Accounts Payable	1,502,826
Due To Other Governmental Units	229,721
Accrued Employee Benefits	1,019,696
Employee Flex Spending Withholding Payable	13,679
Advance Payment of Permit Fees	403,270
OPEB Liability - Due within one year	95,227
Lease Liability - Due within one year	417,472
Noncurrent Liabilities:	
Accrued Employee Vacation, Sick, & Comp Time	1,211,958
Net Pension Liability	2,966,910
OPEB Liability - Due in more than one year	4,676,309
Lease Liability - Due in more than one year	4,160,323
Total Liabilities	16,697,392
DEFERRED INFLOWS of RESOURCES	
Grants Received in Advance	1,002,414
Deferred Inflows Related to Pensions	5,253,130
Deferred Inflows Related to OPEB	8,029,798
Total Deferred Inflows of Resources	14,285,342
NET POSITION	
Net Investment In Capital Assets	9,356,163
Restricted DRS pension PERS 2/3	5,469,718
Unrestricted (Deficit)	1,180,482
Total Net Position	\$ 16,006,363

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

**Spokane Regional Health District
Statement of Activities
Year Ended December 31, 2022**

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenues			Net (Expense) Revenue & Changes In Net Position
			Charges For Services	Operating Grants & Contributions	Capital Grants & Contributions	
Treatment Services	6,710,245	1,232,702	7,455,119	621,069	-	133,241
Environmental Public Health	3,548,231	559,058	3,548,155	1,126,843	-	567,709
Community Health	20,358,364	-	210,099	21,988,272	-	(100,165)
Disease Prevention & Response	6,765,073	-	188,924	7,410,844	-	(196,039)
Administration	8,001,431	(4,762,665)	659,056	817,425	-	(1,762,285)
Total Functions	\$ 45,383,345	\$ -	\$ 12,061,353	\$ 31,964,453	\$ -	(1,357,539)

General Revenues:	
State Funded Local Government Assistance	2,877,318
County Assessment	1,980,000
Interest	146,704
Total General Revenues	5,004,022
Changes In Net Position	3,646,483
Net Position - Beginning	12,359,881
Net Position - Ending	\$ 16,006,364

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

Spokane Regional Health District
Balance Sheet
Governmental Funds
December 31, 2022

	General Fund
ASSETS and OUTFLOWS of RESOURCES	
Cash & Cash Equivalents	11,975,729
Employee Flex Fund	13,679
Imprest Cash Funds	18,315
Receivables, Net	280,573
Due from Other Governments	8,721,471
Inventories:	
US Postal Fund	11,000
Total Assets and Deferred Outflows of Resources	21,020,767
LIABILITIES, DEFERRED INFLOWS of RESOURCES and FUND BALANCES	
Liabilities:	
Accrued Employee Benefits	1,019,696
Accounts Payable	1,502,826
Due to Other Governments	229,721
Employee Flex Fund	13,679
Advance Payment of Permit Fees	403,270
Total Liabilities	3,169,193
Deferred Inflows of Resources	1,002,414
Fund Balances:	
Nonspendable Fund Balance	11,000
Committed Fund Balance	1,500,000
Assigned Fund Balance	4,407,370
Unassigned Fund Balance	10,930,790
Total Fund Balances	16,849,160
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 21,020,767

Reconciliation to the Statement of Net Position:

Total Fund Balances, per above	\$ 16,849,160
Amounts reported in the above Balance Sheet differ from amounts reported in the Statement of Net Position by the following items:	
Capital Assets, not reported in the funds	13,893,996
Net pension assets pertaining to pension activity, not reported in the funds	5,111,368
Deferred outflows pertaining to pension activity, not reported in the funds	5,443,524
Deferred inflows pertaining to pension activity, not reported in the funds	(5,253,130)
Deferred outflows pertaining to OPEB activities, not reported in the funds	1,519,442
Deferred inflows pertaining to OPEB activities, not reported in the funds	(8,029,798)
Liabilities for compensated absences due and payable later than the end of the current period, not reported in the funds	(1,211,958)
Liabilities for other post employee benefits (OPEB) due and payable later than the current period, not reported in the funds	(4,771,536)
Liabilities for leases due and payable later than the end of the current period, not reported in the funds	(4,577,795)
Liabilities for pensions due and payable later than the end of the current period, not reported in the funds	(2,966,910)
Net Position of Governmental Activities:	<u>16,006,363</u>

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

Spokane Regional Health District
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
Year Ended December 31, 2022

	GENERAL FUND
REVENUES	
Licenses and Permits	2,580,148
Federal Grants	10,835,776
State Grants	17,609,169
Intergovernmental Revenues	5,675,153
Interlocal Grants, Entitlements, Impact Payments	2,446,034
Charges For Goods And Services	9,481,210
Miscellaneous	402,339
Total Revenues	49,029,828
EXPENDITURES	
Current:	
Administration	3,289,452
Treatment Services	8,296,676
Environmental Public Health	4,362,847
Community Health	22,658,276
Disease Prevention and Response	8,252,022
Capital Outlay	152,498
Total Expenditures	47,011,770
Excess (Deficiency) of Revenues over Expenditures	2,018,058
Net Change in Fund Balance	2,018,058
Fund Balance - Beginning	14,831,101
Fund Balance - Ending	16,849,159

Reconciliation to the Statement of Activities:

Net change in fund balance, per above	2,018,058
Purchase of capital assets expensed on fund statements which are capitalized on government-wide statements	152,498
Depreciation expensed on government-wide statements	(417,400)
Intangible right-of-use lease asset amortization	(212,821)
Debt principle payment on intangible right-of-use asset	172,859
Decrease (increase) to the liability for compensated absences	107,212
Decrease (increase) to the liability for pensions	2,072,058
Decrease (increase) to the liability for OPEB obligation	(245,981)
Change in net position - per Statement of Net Activities	\$ 3,646,483

December 31, 2022

	General Fund Totals	Long-Term Assets, Liabilities	Statement of Net Position Totals
ASSETS			
Cash & Cash Equivalents	\$ 11,975,729		\$ 12,007,723
Employee Flex Fund	13,679		
Imprest Cash Funds	18,315		
Receivables (net)	280,573		9,002,044
Due from Other Governments	8,721,471		
Inventories	11,000		11,000
Net Pension Asset		5,111,368	5,111,368
Capital Assets not being depreciated:			
Land		400,500	400,500
Capital Assets net of accumulated depreciation:			
Buildings & Structures		6,849,725	6,849,725
Leasehold Improvements		1,697,946	1,697,946
Machinery and Equipment		407,992	407,992
Intangible Right-of-Use Lease		4,537,833	4,537,833
Total Capital Assets		13,893,996	13,893,996
Total Assets	21,020,767	19,005,364	40,026,131
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions		5,443,524	5,443,524
Deferred Outflows Related to OPEB		1,519,442	1,519,442
Total Assets & Deferred Outflows	\$ 21,020,767	\$ 25,968,330	\$ 46,989,097
LIABILITIES			
Accounts Payable	\$ 1,502,826		\$ 1,502,826
Due To Other Governmental Units	229,721		229,721
Accrued Employee Benefits	1,019,696		1,019,696
Employee Flex Spending Withholding Payable	13,679		13,679
OPEB Liability - Due within one year			95,227
Lease Liability - Due within one year			417,472
Advance payment of permit fees	403,270		403,270
Accrued Employee Vacation & Sick		1,211,958	1,211,958
Net Pension Liability		2,966,910	2,966,910
Total OPEB Liability		4,676,309	4,676,309
Lease Liability		4,160,323	4,160,323
Total Liabilities	2,765,923	13,015,500	16,697,392
DEFERRED INFLOWS of RESOURCES			
Grants received in advance	1,002,414		1,002,414
Deferred Inflows Related to Pensions		5,253,130	5,253,130
Deferred Inflows Related to OPEB		8,029,798	8,029,798
Total Deferred Inflows of Resources	1,002,414	13,282,928	14,285,342
FUND BALANCES/NET POSITION			
Total Fund Balances/Net Position	16,849,160	(330,098)	16,006,363
Total Liabilities and Fund Balances/Net Position	\$ 21,020,767	\$ 25,968,330	\$ 46,989,097

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

Spokane Regional Health District

Notes to Financial Statements

January 1, 2022 to December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Spokane Regional Health District was incorporated on January 1970 and operates under the laws of the state of Washington applicable to a Special Purpose District. The Health District is a special purpose government entity that provides public health services to the entire County, both incorporated and unincorporated areas. The Spokane Regional Health District Board governs the District. The Board is composed of three county commissioners, one member representing cities and towns, one member representing tribal communities, and three citizens of Spokane: one citizen representing public health, healthcare facilities or providers, one citizen representing public health consumers and one citizen representing community stakeholders. The District's financial statements include the financial position and results of operations of the sole general fund controlled by the District.

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

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

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

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

C. Measurement Focus, Basis of Accounting

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

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

Spokane Regional Health District
Notes to Financial Statements
January 1, 2022 to December 31, 2022

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

D. Budgetary Information

1. Scope of Budget

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

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

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

2. Procedures for Adopting the Original Budget

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

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

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

3. Amending the Budget

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

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

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

Spokane Regional Health District
Notes to Financial Statements
January 1, 2022 to December 31, 2022

The Board of Health is presented with a resolution to amend the total revenues and appropriations to the District's budget on a quarterly basis, when needed. Material budget amendments for 2022 are as follows:

	<u>Revenue Increase</u>	<u>Expense Increase</u>
Resolution 22-03	\$ 4,000,000	\$ 4,000,000
Resolution 22-09	\$ 1,309,500	\$ 1,309,500

4. Other Postemployment Benefits Other Than Pensions (OPEB)

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

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

1. Cash and Cash Equivalents

It is the District's policy to invest all temporary cash surpluses. On December 31, 2022, the treasurer was holding \$11,989,408 in short-term residual investments of surplus cash. This amount is classified on the balance sheet as cash and cash equivalents and employee flex fund. The interest on these investments is credited to the general fund. Of this amount, however, \$403,270 is unearned 2023 permit revenue for the Environmental Public Health Division and \$1,002,414 represents grants received in advance for several projects that are ongoing until the full award has been spent. For purposes of these statements, the District considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

2. Receivables

The Health District provides client services that are provided on a fee for service basis. The receivable for client accounts has been recorded in the District's financial statements in net of the estimated uncollectible amounts. Estimated uncollectible receivable for client accounts on December 31, 2022 was \$7,177. For 2022, the public health assistance funding received 1/31/23 from the State of Washington was reported as receivable in the amount of \$1,438,659. There was no change to the amount of funding received from the State of Washington. Reporting the 1/31/23 payment as 2022 receivable is to ensure the District is in compliance with our accrual basis of reporting.

3. Amounts Due to and from Other Governmental Units

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

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

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

**Spokane Regional Health District
Notes to Financial Statements
January 1, 2022 to December 31, 2022**

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

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

Intangible assets include right-to-use agreements such as building lease agreements. Intangible assets are valued at historical cost or estimated historical cost where actual historical costs are not available.

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

6. Compensated Absences

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

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

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

The liability for vacation leave on December 31, 2022 is \$924,380.

The liability for vested sick leave on December 31, 2022 is \$256,896.

The liability for compensated absences on December 31, 2022 is \$30,682.

7. Fund Balance

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

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

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

Spokane Regional Health District

Notes to Financial Statements

January 1, 2022 to December 31, 2022

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

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

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

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

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

8. Fund Balance Classifications

For committed fund balance, the highest level of decision-making authority is the Board of Health. Commitments represent formal actions taken by the Board of Health to commit funds for specific purposes. Funds that have been committed cannot be used for another purpose unless the Board of Health passes a resolution to end the commitment. The committed fund balance is Board directed for public health emergency response. On 4/30/2020, the Board of Health adopted resolution 20-03, authorizing the use of \$500,000 of the committed fund balance for COVID-19 pandemic response related expenditures. On 2/24/2022, the Board of Health adopted resolution 22-01, authorizing a transfer of unassigned fund balance to committed fund balance in the amount of \$500,000 to replenish the balance of the committed fund balance from \$1,000,000 to \$1,500,000. The committed fund balance on December 31, 2022 is \$1,500,000.

The assigned fund balance is management's intention to use the funds for a specific purpose in the future. The assigned fund balance includes funds for building improvements, ADA renovations, clean building act update, technology infrastructure, Treatment Services relocation to another facility and electronic medical records software replacement. The assigned fund balance also includes any surplus from the prior year permit revenue in the Environmental Public Health division. The assigned fund balance on December 31, 2022 is \$4,407,370.

9. Pensions

For purposes 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 asset, the District includes the net pension asset and the related deferred outflows and deferred inflows.

10. Leases

For the year ended December 31, 2022, the District implemented guidance for the presentation and disclosures of leases, as required in response to the provisions of GASB Statement No. 87. The District

Spokane Regional Health District Notes to Financial Statements January 1, 2022 to December 31, 2022

now reports a lease asset and a lease liability on the Statement of Net Position. Amortization of the lease asset and interest expense are reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance.

The District implemented the changes with no significant impact on the financial position or reporting.

Information regarding the District's leases is presented in the Lease note, as applicable.

The District is a lessee for noncancelable leases. The District recognizes lease liability and an intangible right-to-use lease asset in the government-wide and proprietary fund financial statements. The District recognizes lease liabilities with an initial, individual value of \$5 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized using the (straight-line basis/effective interest method) over its useful life.

Governmental funds recognize a capital outlay and other financing source at the commencement of a new lease. Lease payments in governmental funds are reported as debt service principal and debt service interest expenditures.

Key estimates and judgements related to lease include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses the SCIP interest earning rate for the month the agreement was signed as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

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

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

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

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

	Cost	Accum. Depr	Net
Land	\$ 401		\$ 401
Buildings and Structures	8,059	1,209	6,850
Leasehold Improvements	2,516	818	1,698
Machinery & Equipment	3,684	3,277	407
Intangible Right-to-Use Lease	4,751	213	4,538
Total	\$ 19,411	\$ 5,517	\$ 13,894

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

	Amount
Accrued Leave	\$ 1,212
Total	\$ 1,212

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

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

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

	Amount
Operating Equipment	\$ 100,309
Computer Equipment	7,574
Leasehold Improvements	44,615
Total	\$ 152,498

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

	Amount
Administration	\$ (14)
Treatment Services	\$ 15
Environmental Public Health	\$ 18
Community Health	\$ (18)
Disease Prevention & Response	\$ (108)
Total	\$ (107)

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

	Amount
Administration	\$ 389
Treatment Services	23
Environmental Public Health	-
Community Health	5
Disease Prevention & Response	-
Total	\$ 417

- Depreciation expensed on right-to-use leases on government-wide statements (in thousands):

	Amount
Administration	\$ -
Treatment Services	113
Environmental Public Health	-
Community Health	100
Disease Prevention & Response	-
Total	\$ 213

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

NOTE 4 - DEPOSITS AND INVESTMENTS

A. Deposits

Cash on hand on December 31, 2022 was \$12,007,723. The carrying amount of the District's deposits, including certificates of deposit, was \$147,864 and the operating bank balance was \$11,841,544.

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

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

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

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

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As of December 31, 2022, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Effective Duration</u>	<u>Weighted-Average Maturity</u>
Spokane County Investment Pool	\$11,546,999	1.49 years	1.57 years

The Net Asset Value per Share of the Pool as of 12/31/22 is .9631. The amount of cash the District had in the Pool as of 12/31/22 is \$11,989,408.

B. Investments

Investments are subject to the following risks.

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

Interest Rate Risk. As of December 31, 2022, the Pool's effective duration was 1.49 years. As a means of limiting its exposure to rising interest rates, securities purchased in the Pool must have a weighted average maturity, no longer than two and one-half years. The weighted-average maturity of SCIP on 12/31/22 was 1.57 years. While the Pool's market value is calculated monthly, unrealized gains and losses are not distributed to participants. The Pool distributes earnings monthly using an amortized cost methodology.

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

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

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

Credit Risk. As of December 31, 2022, the District's investments in the Pool were not rated by a nationally recognized statistical rating organization (NRSRO). In compliance with state statutes, the SCIP Investment Policy authorizes investments in the U.S. Treasury securities, U.S. agency securities, supranational institution obligations, municipal securities, certificates of deposits or bank deposits of qualified public depositories, repurchase agreements, corporate notes, commercial paper, Direct District Notes, and the local Government Investment Pool managed by the Washington State Treasurer's office.

Investments in Spokane County Investment Pool (SCIP):

The District is a participant in the Spokane County Investment Pool, an external investment pool. The District reports its investment in the Pool at the fair value amount, which is the same as the value of the Pool per share. The responsibility for managing the pool resides with the County Treasurer. The Pool is established from the RCW 36.29 which authorizes the County Treasurer to invest the funds of participants. The county's investment policy is established by the County Finance Committee in accordance with RCW 36.48.070 consisting of the County Treasurer, the County Auditor, and the Chair of the County Commissioners. The committee shall approve county investment policy and a debt policy and shall make the appropriate rules and regulations for the carrying out of the provisions of RCW 36.48.010 through RCW 36.48.060. The county external investment pool does not have a credit rating and had a weighted average maturity of 1.57 years as of December 31, 2022.

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NOTE 5 - CAPITAL AND INTANGIBLE ASSETS AND DEPRECIATION

A. General Policies

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

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

B. Capital and Intangible Asset Activity

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

	Beginning			Ending
Governmental Activities	Balance			Balance
	1/01/22	Increases	Decreases	12/31/22
Capital assets not depreciated:				
Land	\$ 400,500	\$ -	\$ -	\$ 400,500
Capital assets being depreciated:				
Building and Structures	\$ 8,058,500	\$ -	\$ -	8,058,500
Operating Equipment	2,980,953	100,309	-	3,081,262
Computer Equipment	570,098	7,574	-	577,673
Vehicles	25,696	-	-	25,696
Leasehold Improvements	2,471,494	44,615	-	2,516,108
Total Capital Assets	\$ 14,507,241	\$ 152,498	\$ -	\$ 14,659,739
Less Accumulated Depreciation:				
Building and Structures	\$ 1,047,605	\$ 161,170	\$ -	1,208,775
Operating Equipment	2,534,147	146,601	-	2,680,748
Computer Equipment	559,724	10,470	-	570,194
Vehicles	25,696	-	-	25,696
Leasehold Improvements	719,003	99,158	-	818,161
Total Accumulated Depreciation	\$ 4,886,175	\$ 417,399	\$ -	\$ 5,303,574
Net Capital Assets	\$ 9,621,066	\$ (264,901)	\$ -	\$ 9,356,165

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

	Beginning			Ending
Governmental Activities	Balance			Balance
	1/01/22	Increases	Decreases	12/31/22
Intangible Assets Being Amortized				
Leased Assets	\$ -	\$ 4,750,654	\$ -	\$ 4,750,654
Total Intangible Assets Being Amortized	\$ -	\$ 4,750,654	\$ -	\$ 4,750,654
Less Accumulated Depreciation:				
Leased Assets	\$ -	\$ 212,821	\$ -	\$ 212,821
Total Accumulated Depreciation	\$ -	\$ 212,821	\$ -	\$ 212,821
Total Intangible Assets Being Amortized	\$ -	\$ 4,537,833	\$ -	\$ 4,537,833

C. Depreciation

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

<u>Governmental Activities:</u>	<u>Amount</u>
Administration	\$ 389,107
Treatment Services	23,313
Environmental Public Health	-
Community Health	4,979
Disease Prevention & Response	-
Total	<u>\$ 417,399</u>

Depreciation expense on right-to-use leases charged to functions/programs of the primary government as follows:

<u>Governmental Activities:</u>	<u>Amount</u>
Administration	\$ -
Treatment Services	112,906
Environmental Public Health	-
Community Health	99,915
Disease Prevention & Response	-
Total	<u>\$ 212,821</u>

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NOTE 6 – PENSION PLANS

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

Aggregate Pension Amounts – All Plans	
Pension Liabilities	\$ (2,966,910)
Pension Assets	\$ 5,111,368
Deferred Outflows of Resources	\$ 5,443,524
Deferred Inflows of Resources	\$ (5,253,130)
Pension Expense/Expenditures	\$ (369,507)

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.

Or the DRS ACFR may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees’ Retirement System (PERS)

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

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

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 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:

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PERS Plan 1		
Actual Contribution Rates:	Employer	Employee*
January – August 2022		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	3.71%	
Administrative Fee	0.18%	
Total	10.25%	6.00%
September – December 2022		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	3.85%	
Administrative Fee	0.18%	
Total	10.39%	6.00%

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

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

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

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

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

Contributions

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

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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:

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

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

The *District's* actual PERS plan contributions were \$635,076 to PERS Plan 1 and \$1,067,474 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 project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

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

Spokane Regional Health District Notes to Financial Statements January 1, 2022 to December 31, 2022

- 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 the OSA's biennial economic experience study.

Discount Rate

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

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.0% was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on DRS pension plan investments of 7.0% was determined using a building-block-method. In selecting this assumption, the 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, 2022. The inflation component used to create the table is 2.2% and represents 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%
	100%	

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Sensitivity of the Net Pension Liability/(Asset)

The table below presents the District's proportionate share* of the net pension liability calculated using the discount rate of 7%, 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.

Pension Plan	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
PERS 1	\$ 3,963,751	\$ 2,966,910	\$ 2,096,902
PERS 2/3	\$ 6,019,305	\$ (5,111,368)	\$ (14,255,919)

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:

Pension Plan	Liability or (Asset)
PERS 1	\$ 2,966,910
PERS 2/3	\$ (5,111,368)

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

Pension Plan	Proportionate Share 6/30/21	Proportionate Share 6/30/22	Change in Proportion
PERS 1	0.112058 %	0.106556 %	- 0.005502%
PERS 2/3	0.142844 %	0.137818 %	- 0.005026%

Employer contribution transmittals received and processed by 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.

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2022. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). The state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded, and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

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In fiscal year 2022, the state of Washington contributed 39% of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 61% of employer contributions.

Pension Expense

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

Pension Plan	Pension Expense
PERS 1	\$ 1,224,600
PERS 2/3	\$ (1,594,107)
TOTAL	\$ (369,507)

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	\$	\$
Net difference between projected and actual investment earnings on pension plan investments	\$	\$ (491,704)
Changes of assumptions	\$	\$
Changes in proportion and differences between contributions and proportionate share of contributions	\$	\$
Contributions subsequent to the measurement date	\$ 323,749	\$
TOTAL	\$ 323,749	\$ (491,704)

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,266,477	\$ (115,708)
Net difference between projected and actual investment earnings on pension plan investments	\$	\$ (3,778,872)
Changes of assumptions	\$ 2,848,882	\$ (745,939)
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 466,126	\$ (120,906)
Contributions subsequent to the measurement date	\$ 538,289	\$
TOTAL	\$ 5,119,775	\$ (4,761,425)

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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
2023	\$ (208,079)
2024	\$ (188,990)
2025	\$ (237,082)
2026	\$ 142,446
2027	\$
Thereafter	\$

Year ended December 31:	PERS 2/3
2023	\$ (1,077,784)
2024	\$ (936,874)
2025	\$ (1,179,107)
2026	\$ 1,762,253
2027	\$ 643,984
Thereafter	\$ 607,588

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of the Statement No. 75 of the Governmental Accounting Standards Board (GASB) Accounting and Financial Reporting for Postemployment Benefits Other Than Pension for the year 2022:

Aggregate OPEB Amounts - All Plans	
OPEB Liabilities	\$ 4,771,536
OPEB Assets	-
Deferred Outflows of Resources	1,519,442
Deferred Inflows of Resources	(8,029,798)
OPEB Expense/Expenditures	355,547

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

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

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

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

Plan Description

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

Eligibility

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

Summary of Benefits

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

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

Per RCW 41.05.022, retirees who are not yet eligible for Medicare benefits may continue to participate in the State's non-Medicare community-related health insurance risk pool on a self-pay basis and receive an implicit subsidy. The implicit subsidy exists because retired members pay a premium based on a claims experience for active employees and other non-Medicare retirees. The subsidy is valued using the difference between the age-based claims cost and the premium paid by retirees.

Benefits Provided

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

Spokane Regional Health District Notes to Financial Statements January 1, 2022 to December 31, 2022

Employees Covered by benefit terms

At December 31, 2022 (the census date), the benefit terms covered the following employees:

Category	
Inactive employees, spouses, or beneficiaries currently receiving benefit payments:	53
Inactive employees entitled to but not yet receiving benefit payments:	0
Active employees:	227
Total	280

Funding Policy

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

Payment Authority

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

Financial Report

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

Contributions

The Spokane Regional Health District pays its portion of benefits for the retiree's healthcare costs as they come due. The District pays benefits through an explicit subsidy included with active employee premiums. The reporting period contributions were \$109,566 including explicit and implicit subsidy credit.

Total OPEB Liability

The District's total OPEB liability was valued as of December 31, 2022 and was used to calculate the net liability measured as of December 31, 2022.

Actuarial Assumptions

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date:	<u>December 31, 2021</u>	<u>December 31, 2022</u>	
Discount Rate	1.84%	4.05%	
Inflation	2.50%	2.75%	
Healthcare Cost Trend Rates			
Pre-Medicare	6.00%	7.40%	*
Medicare	5.20%	4.20%	*
Salary Increases	3.50%	3.25%	**
Mortality Rates	Based on SOA Tables		

- Projections of the sharing of benefit-related costs are based on an established pattern of practice.
- Experience studies come from the State of Washington 2021 Actuarial Valuation.

**Spokane Regional Health District
Notes to Financial Statements
January 1, 2022 to December 31, 2022**

- Inactive employees (retirees) pay 50% of the cost of benefits.
- There were no ad hoc postemployment benefit changes (including ad hoc COLAs) to the Plan.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.05%. The District's OPEB Plan is an unfunded plan, therefore the discount rate was set to the rate of tax-exempt, high-quality 20-year municipal bonds, as of the valuation date.

*Trending down to 4.14% over 52 years. Applies to calendar years.

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

Changes in the Total/Net OPEB Liability

	Total/Net OPEB Liability
Balance as of Report Date December 31, 2021	\$10,955,077
Changes for the year:	
Service Cost	887,500
Interest	216,895
Changes of Benefit Terms	
Differences Between Expected and Actual Experience	(3,063,537)
Changes of Assumptions	(4,114,833)
Explicit Subsidy Credit	(96,094)
Implicit Subsidy Credit	(13,472)
Net Changes	(6,183,541)
Balance as of Report Date December 31, 2022	\$4,771,536

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

Sensitivity of the net OPEB liability to changes in the discount rate. The net OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.05%) or one percentage point higher (5.05%) follows:

	1% Decrease		Discount Rate	1% Increase		
	3.05%		4.05%	5.05%		
Total OPEB Liability (Asset)	\$	5,608,174	\$	4,771,536	\$	4,096,391
Increase (Decrease)		836,638				(675,145)
		17.5%				-14.1%

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The healthcare trend for this valuation started at 7.40% and decreased to 4.14% over 52 years. The OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.40%) or one percentage point higher (8.40%) than current healthcare cost trend rates follows:

**Spokane Regional Health District
Notes to Financial Statements
January 1, 2022 to December 31, 2022**

	1% Decrease	Trend Rate	1% Increase
	6.40%	7.40%	8.40%
Total OPEB Liability (Asset)	\$ 3,992,802	\$ 4,771,536	\$ 5,777,585
Increase (Decrease)	(778,734)		1,006,049
	-16.3%		21.1%

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

For the year ended December 31, 2022, the District recognized an OPEB expense of \$355,547. The District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Actual and Expected Experience	\$ 216,407	\$ (274,755)
Changes of Assumptions	1,303,035	(5,282,743)
Total	\$ 1,519,442	\$ (8,029,798)

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

Report Year Ending December 31:	Amount
2023	(748,848)
2024	(748,848)
2025	(748,848)
2026	(748,848)
2027	(659,497)
Remaining	(2,855,467)

Current Liability

	Amount
Current OPEB Liability	\$ 95,227
Non-Current OPEB Liability	4,676,309
Total OPEB Liability	\$ 4,771,536

Expected Average Remaining Service Lives (EARSL)

The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in

Spokane Regional Health District
Notes to Financial Statements
January 1, 2022 to December 31, 2022

pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), beginning in the current period. The expected average remaining service lives (EARSL) for the current period follows. Note, however, that for calculation purposes, we use 1 when calculating amortizations if the EARSL is less than 1 year.

EARSL: 9.7 years

NOTE 8 – CHANGES IN LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance
Pension Liability	\$ 1,368,490	\$ 1,598,420		\$ 2,966,910
Net OPEB Obligation	10,846,510		(6,170,201)	4,676,309
Leases		4,577,795	(417,472)	4,160,323
Compensated Absences	1,319,170		(107,212)	1,211,958
Total Long Term Liabilities	\$ 13,534,170	\$ 6,176,215	\$(6,694,885)	\$ 13,015,500

NOTE 9 - RISK MANAGEMENT (for participating member of pool)

Spokane Regional 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.

**Spokane Regional Health District
Notes to Financial Statements
January 1, 2022 to December 31, 2022**

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays ⁽¹⁾
Liability:				
Comprehensive General Liability	Per Occurrence	\$1 million	\$20 million	\$1,000 - \$100,000
Automobile Liability	Per Occurrence	\$1 million	\$20 million	\$1,000 - \$100,000
Public Officials Errors and Omissions Liability	Each Wrongful Act Member Aggregate	\$1 million	\$20 million \$20 million	\$1,000 - \$100,000
Terrorism Liability ⁽²⁾	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 ⁽³⁾

(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 ⁽²⁾:

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 ⁽³⁾	Per Occurrence	Varies	\$100 million	Varies
Business Interruption (BI)/ Extra Expense (EE) ⁽⁴⁾	Per Occurrence	\$250,000	\$100 million (BI)/ \$50 million (EE)	\$1,000 - \$250,000

Sublimit ⁽⁵⁾:

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⁽⁶⁾	Per Occurrence	\$25,000; \$100,000 for Emergency Vehicles; \$250,000 for Emergency Vehicles valued >\$750,000	\$1 billion	\$250 - \$1,000
Crime Blanket⁽⁷⁾	Per Occurrence	\$50,000	\$1 million	\$1,000
Named Position⁽⁸⁾	Per Occurrence	\$50,000	\$1 million	\$1,000
Cyber⁽⁹⁾	Each Claim APIP Aggregate	\$100,000	\$2 million \$40 million	20% Copay
Identity Fraud Expense Reimbursement⁽¹⁰⁾	Member Aggregate	\$0	\$25,000	\$0

Spokane Regional Health District Notes to Financial Statements January 1, 2022 to December 31, 2022

- (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 10 - CONTINGENCIES AND LITIGATIONS

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

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

**Spokane Regional Health District
Notes to Financial Statements
January 1, 2022 to December 31, 2022**

NOTE 11 - RECEIVABLE AND PAYABLE BALANCES

A. Receivables

Receivables on December 31, 2022 were as follows:

	Amount
Client Service Accounts	\$ 717,659
Other Accounts	211,750
Due From Other Governments	8,072,635
Total	\$ 9,002,044

B. Payables

Payables on December 31, 2022 were as follows:

	Amount
Vendors	\$ 1,502,826
Salaries & Benefits	1,033,376
Due to Other Governments	229,721
Total	\$ 2,765,923

NOTE 12 – LEASES (LESSEES)

The District is committed under various leases for a total of \$4,577,795 beyond December 31, 2022.

Intangible right-of-use lease assets for governmental activities:

312 West 8th Avenue, Spokane, WA

The District entered into a lease arrangement on February 25, 2022 with JP Spokane VIII, a Texas limited liability company. The address of the location is 312 West 8th Avenue, Spokane, WA. The District's Treatment Services Division is set to occupy this location in Fall of 2023. The termination date of the lease is 10 years following the rent commencement date. The annual rate is the Spokane County Investment Pool (SCIP) rate, 1.49% (published at spokanecounty.org) at the commencement date of 10/14/22. The first month's rent payment was pro-rated 10/14 – 10/31/22 (\$19,482.60 pd on 9/29/22). Thereafter the monthly rent payment amount is \$32,471.00 increasing to \$34,094.55 October 1, 2023.

As of December 31, 2022, the principal and interest requirements to maturity are as follows:

<u>Year ended</u>			
<u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 330,547	\$ 63,976	\$ 394,523
2024	\$ 355,366	\$ 58,883	\$ 414,249
2025	\$ 381,550	\$ 53,411	\$ 434,961
2026-2030	\$ 2,353,414	\$ 170,193	\$ 2,523,607
2031-2032	\$ 1,022,070	\$ 14,178	\$ 1,036,248
Total	\$ 4,442,947	\$ 360,641	\$ 4,803,588

**Spokane Regional Health District
Notes to Financial Statements
January 1, 2022 to December 31, 2022**

First Pacific Properties

The District entered into a lease arrangement on December 23, 2019 with First Pacific Properties, Inc. a Washington Corporation. The address of the location is 5901 N. Lidgerwood St., Suite #224, Spokane, WA. The District's Women, Infant & Children (WIC) Program occupies this location to serve clients in the northeast community of Spokane, WA. The termination date of the lease is 5 years following the rent commencement date of January 1, 2020. The monthly lease payments at the implementation date of 1/1/2022 were \$4,007/month. Lease payment annual increases are dependent on the lessor of 3% or CPI. The annual rate is the Spokane County Investment Pool (SCIP) rate, 0.62% (published at spokanecounty.org) for January 2022 (GASB 87 implementation date).

As of December 31, 2022, the principal and interest requirements to maturity are as follows:

<u>Year ended</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 47,627	\$ 457	\$ 48,084
2024	\$ 47,923	\$ 161	\$ 48,084
Total	\$ 95,550	\$ 618	\$ 96,168

Broadway Center

The District entered into a lease arrangement on October 1, 2013 with Broadway Center. The address of the location is 12213 E. Broadway, Suites 5-8, Spokane Valley, WA. The District's Women, Infant & Children (WIC) Program occupies this location to serve WIC clients in Spokane Valley, WA. The termination date of the lease is 10 years following the rent commencement date of October 1, 2013. The monthly lease payments at the implementation date of 1/1/2022 were \$4,377.77/month. Lease payment annual increases are dependent on the lessor of 3% or CPI. The annual rate is the Spokane County Investment Pool (SCIP) rate, 0.62% (published at spokanecounty.org) for January 2022 (GASB 87 implementation date).

As of December 31, 2022, the principal and interest requirements to maturity are as follows:

<u>Year ended</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 39,298	\$ 102	\$ 39,400
Total	\$ 39,298	\$ 102	\$ 39,400

Changes in lease liabilities are presented in the accompanying Schedule of Long-Term Liabilities.

Spokane Regional Health District
Notes to Financial Statements
January 1, 2022 to December 31, 2022

The below table represents the total amount of lease assets disclosed separately from other capital assets.

	Beginning			Ending
	Balance			Balance
	1/01/22	Increases	Decreases	12/31/22
Lease Asset:				
312 West 8th Avenue	\$ -	\$ 4,516,238	\$ 73,291	\$ 4,442,947
First Pacific Properties	-	142,956	47,406	95,550
Broadway Center	-	91,460	52,162	39,298
Total Leased Assets	-	4,750,654	172,859	4,577,795

There are no impairment losses, sub-leases, sale-leasebacks, or lease-leasebacks associated with any of the leases described above.

NOTE 13 – REQUIRED DISCLOSURES ABOUT CAPITAL ASSETS

The District's capital assets are insured in the amount of \$15,392,911 for fiscal year 2022. In the opinion of the District's insurance consultant, the amount is sufficient to adequately fund replacement of the District's assets.

NOTE 14 – 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 continues to respond to COVID-19 in our community. The District received federal funding through Washington State Department of Health.

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.

REQUIRED SUPPLEMENTARY INFORMATION
Spokane Regional Health District
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended December 31, 2022

	BUDGETED AMOUNTS		ACTUAL AMOUNT	FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Licenses and Permits	2,619,037	2,619,037	2,580,148	(38,889)
Federal Grants	13,266,416	13,766,416	10,835,776	(2,930,640)
State Grants	12,855,414	16,855,414	17,609,169	753,755
Intergovernmental Revenues	5,494,318	6,303,817	5,675,153	(628,664)
Interlocal Grants, Entitlements, Impact Payments	2,365,000	2,365,000	2,446,034	81,034
Charges For Goods And Services	10,852,713	10,852,713	9,481,210	(1,371,503)
Miscellaneous	394,782	394,782	402,339	7,557
Assigned Fund Balance Usage	25,231	25,231	-	(25,231)
Total Revenues	47,872,911	53,182,411	49,029,829	(4,152,582)
EXPENDITURES				
Current:				
Administration	3,851,338	4,351,338	3,289,452	(1,061,886)
Treatment Services	9,729,679	9,743,679	8,296,676	(1,447,003)
Environmental Public Health	4,678,955	4,703,955	4,362,847	(341,108)
Quality Planning & Assessment	1,063,132	-	-	-
Community Health	17,600,713	23,201,713	22,658,276	(543,437)
Disease Prevention and Response	10,461,088	10,693,720	8,252,022	(2,441,698)
Capital Outlay	488,006	488,006	152,498	(335,508)
Total Expenditures	47,872,911	53,182,411	47,011,771	(6,170,640)
Excess (Deficiency) of Revenues over Expenditures	-	(0)	2,018,058	2,018,058
Net Change in Fund Balance	-	(0)	2,018,058	2,018,058
Fund Balance - Beginning	3,969,560	3,969,560	14,831,101	10,861,541
Fund Balance - Ending	3,969,560	3,969,560	16,849,159	12,879,599

REQUIRED SUPPLEMENTARY INFORMATION

Spokane Regional Health District

Schedule of District Contributions

For the year ended December 31, 2022

Last 10 Fiscal Years *

	2022	2021	2020	2019	2018	2017	2016	2015
PERS 1								
Actuarially/statutorily/contractually determined contribution	\$ 635,076	\$ 785,351	\$ 757,754	\$ 736,907	\$ 711,409	\$ 623,952	\$ 574,477	\$ 516,937
Actual contribution in relation to the above	\$ 635,076	\$ 785,351	\$ 757,754	\$ 736,907	\$ 711,409	\$ 623,952	\$ 574,477	\$ 516,937
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 16,878,429	\$ 18,060,533	\$ 15,717,808	\$ 14,548,748	\$ 14,163,774	\$ 12,499,324	\$ 11,674,274	\$ 11,489,345
Contributions as a % of covered-employee payroll	3.76%	4.35%	4.82%	5.07%	5.02%	4.99%	4.92%	4.50%
PERS 2/3								
Actuarially/statutorily/contractually determined contribution	\$ 1,067,474	\$ 1,294,416	\$ 1,236,890	\$ 1,142,782	\$ 1,053,547	\$ 858,653	\$ 730,267	\$ 655,235
Actual contribution in relation to the above	\$ 1,067,474	\$ 1,294,416	\$ 1,236,890	\$ 1,142,782	\$ 1,053,547	\$ 858,653	\$ 730,267	\$ 655,235
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 16,878,429	\$ 18,060,533	\$ 15,717,808	\$ 14,548,748	\$ 14,163,774	\$ 12,499,324	\$ 11,674,274	\$ 11,489,345
Contributions as a % of covered-employee payroll	6.32%	7.17%	7.87%	7.85%	7.44%	6.87%	6.26%	5.70%

Notes to Schedule:

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

REQUIRED SUPPLEMENTARY INFORMATION
Spokane Regional Health District
Schedule of the District's Proportionate Share of the Net Pension Liability
As of June 30, 2022
Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015
PERS 1								
SRHD's Proportion of the Net Pension Liability	.106556%	.112058%	.100764%	.106769%	.100046%	.09719%	.100433%	.093114%
SRHD's Proportionate Share of the Net Pension Liability	\$ 2,966,910	\$ 1,368,490	\$ 3,557,513	\$ 4,105,647	\$ 4,468,088	\$ 4,611,741	\$ 5,393,725	\$ 4,870,703
SRHD's Covered-Employee Payroll	\$16,893,087	\$ 17,722,899	\$15,266,284	\$14,460,450	\$13,129,762	\$11,979,286	\$11,671,666	\$10,972,885
SRHD's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	17.56%	7.72%	23.30%	28.39%	34.03%	38.50%	46.21%	44.39%
Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability	76.56%	88.74%	68.64%	67.12%	63.22%	61.24%	57.03%	59.10%
PERS 2/3								
SRHD's Proportion of the Net Pension Liability	.137818%	.142844%	.128456%	.13452%	.124425%	.118806%	.122157%	.116122%
SRHD's Proportionate Share of the Net Pension Liability	\$(5,111,368)	\$(14,229,561)	\$ 1,642,879	\$ 1,306,647	\$ 2,124,446	\$ 4,127,941	\$ 6,150,508	\$ 4,149,117
SRHD's Covered-Employee Payroll	\$16,893,087	\$ 17,722,899	\$15,266,284	\$14,460,450	\$13,129,762	\$11,979,286	\$11,671,666	\$10,972,885
SRHD's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	-30.26%	-80.29%	10.76%	9.04%	16.18%	34.46%	52.70%	37.81%
Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability	106.73%	120.29%	97.22%	97.77%	95.77%	90.97%	85.82%	89.20%

Notes to Schedule:

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

REQUIRED SUPPLEMENTARY INFORMATION

Spokane Regional Health District
 Schedule of Changes in Total OPEB Liability and Related Ratios
 Post-employment healthcare benefits
 For the year ended December 31, 2022
 Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017
Total OPEB liability - beginning	\$ 10,955,077	\$ 9,685,343	\$ 10,001,663	\$ 7,423,452	\$ 7,775,234	\$ 7,127,289
Service cost	887,500	818,798	744,449	537,238	520,084	732,023
Interest	216,895	209,096	294,284	293,968	268,351	-
Changes in benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(3,063,537)	-	241,922	-	99,714	-
Changes of assumptions	(4,114,833)	340,500	(1,507,286)	1,821,073	(1,155,852)	-
Explicit Subsidy Credit	(96,094)	(84,094)	(83,243)	(64,751)	(74,736)	(84,078)
Implicit Subsidy Credit	(13,472)	(14,566)	(6,446)	(9,317)	(9,343)	-
Other changes	-	-	-	-	-	-
Net change in total OPEB liability	(6,183,541)	1,269,734	(316,320)	2,578,211	(351,782)	647,945
Total OPEB liability - ending	4,771,536	10,955,077	9,685,343	10,001,663	7,423,452	7,775,234
Covered-employee payroll**	17,198,742	16,617,142	16,055,210	15,800,813	15,266,486	11,952,521
Total OPEB liability as a % of covered payroll	27.74%	65.93%	60.33%	63.30%	48.63%	65.05%

Notes to Schedule:

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

** No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

**Spokane Regional Health District
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 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	CLH31028	1,797,629	-	1,797,629	-	
SNAP Cluster								
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via Washington State Department of Social and Health Services)	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	2069-90865-02	779,440	-	779,440	639,512	
			Total SNAP Cluster:	779,440	-	779,440	639,512	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via Washington State Department of Health)	WIC Farmers' Market Nutrition Program (FMNP)	10.572	CLH31028	1,829	-	1,829	-	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Washington State Department of Health)	Housing Opportunities for Persons with AIDS	14.241	CLH31028	208,442	-	208,442	-	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Washington State Healthcare Authority)	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	G338	41,417	-	41,417	-	

The accompanying notes are an integral part of this schedule.

**Spokane Regional Health District
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 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		
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via Washington State Department of Children, Youth and Families)	COVID 19 - Special Education-Grants for Infants and Families	84.181	22-1190-04	418,171	-	418,171	-	
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via Washington State Department of Children, Youth and Families)	Special Education- Grants for Infants and Families	84.181	22-1190-04	370,766	-	370,766	-	
				Total ALN 84.181:	-	788,937	-	
IMMED OFFICE OF THE SECRETARY OF HEALTH AND HUMAN SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via National Association of County and City Health Officials)	Medical Reserve Corps Small Grant Program	93.008	N/A	5,962	-	5,962	-	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	COVID 19 - Public Health Emergency Preparedness	93.069	CLH31028	81,872	-	81,872	-	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	Public Health Emergency Preparedness	93.069	CLH31028	352,383	-	352,383	-	

The accompanying notes are an integral part of this schedule.

**Spokane Regional Health District
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 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		
			Total ALN 93.069:	434,255	-	434,255		
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	CLH31028	33,822	-	33,822	-	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	Injury Prevention and Control Research and State and Community Based Programs	93.136	CLH31028	188,257	-	188,257	-	
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	CLH31028	432,620	-	432,620	1,520	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	Immunization Cooperative Agreements	93.268	CLH31028	144,668	-	144,668	-	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	Immunization Cooperative Agreements	93.268	CLH31028	58,768	-	58,768	-	3
			Total ALN 93.268:	636,056	-	636,056	1,520	

The accompanying notes are an integral part of this schedule.

**Spokane Regional Health District
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 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		
NATIONAL INSTITUTES OF HEALTH, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Friends Research Institute)	Drug Abuse and Addiction Research Programs	93.279	1553	2,000	-	2,000	-	5
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	CLH31028	3,116,323	-	3,116,323	2,124,537	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	CLH31028	32,190	-	32,190	-	
Total ALN 93.323:				3,148,513	-	3,148,513	2,124,537	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	National and State Tobacco Control Program	93.387	CLH31028	8,618	-	8,618	-	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	93.426	CLH31028	42,934	-	42,934	25,847	

The accompanying notes are an integral part of this schedule.

**Spokane Regional Health District
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 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)	Innovative State and Local Public Health Strategies to prevent and Manage Diabetes and Heart Disease and Stroke-	93.435	CLH31028	19,105	-	19,105	15,890	
Medicaid Cluster								
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Healthcare Authority)	Medical Assistance Program	93.778	K2758	34,424	-	34,424	-	
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Healthcare Authority)	Medical Assistance Program	93.778	K4660	365,984	-	365,984	-	
Total Medicaid Cluster:				400,408	-	400,408	-	
HEALTH RESOURCES AND SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Children, Youth and Families)	Maternal, Infant and Early Childhood Home Visiting Grant	93.870	22-1171-02	659,355	-	659,355	-	
HEALTH RESOURCES AND SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Children, Youth and Families)	COVID 19 - Maternal, Infant and Early Childhood Home Visiting Grant	93.870	22-1171-02	31,502	-	31,502	-	

The accompanying notes are an integral part of this schedule.

**Spokane Regional Health District
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 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		
			Total ALN 93.870:	690,857	-	690,857	-	
IMMED OFFICE OF THE SECRETARY OF HEALTH AND HUMAN SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	COVID 19 - National Bioterrorism Hospital Preparedness Program	93.889	CLH31028	90,221	-	90,221	-	
IMMED OFFICE OF THE SECRETARY OF HEALTH AND HUMAN SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	National Bioterrorism Hospital Preparedness Program	93.889	CLH31028	549,154	-	549,154	-	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	CLH31028	123,967	-	123,967	-	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	HIV Prevention Activities Health Department Based	93.940	CLH31028	41,498	-	41,498	-	
			Total ALN 93.889:	639,375	-	639,375	-	

The accompanying notes are an integral part of this schedule.

**Spokane Regional Health District
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 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)	Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	93,943	CLH31028	48,902	-	48,902	-	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Spokane County Regional Behavioral Health)	Block Grants for Prevention and Treatment of Substance Abuse	93,959	22ASO2629	23,008	-	23,008	-	5
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	Sexually Transmitted Diseases (STD) Prevention and Control Grants	93,977	CLH31028	443,144	-	443,144	-	
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	CLH31028	346,172	-	346,172	-	
Total Federal Awards Expended:				10,894,547	-	10,894,547	2,807,307	

The accompanying notes are an integral part of this schedule.

Spokane Regional Health District
Notes to the Schedule of Expenditures of Federal Awards
January 1, 2022 - December 31, 2022

Note 1 – Basis of Accounting

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

Note 2 – Federal Indirect Cost Rate

The Spokane Regional Health District has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. The amount expended includes \$5,440,473 claimed as an indirect cost recovery using an approved indirect cost rate of 20.23%.

Note 3 – Noncash Awards

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

Note 4 – Program Costs

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

Note 5 – Federal Fee for Service Revenue

The district received revenue from the state for the Title XIX and Medicare services provided to eligible clients in the amount of \$ 7,121,441. This is not documented on the federal schedule, as this is a fee for service revenue only.

ABOUT THE STATE AUDITOR'S OFFICE

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