



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Chelan-Douglas Health District

For the period January 1, 2023 through December 31, 2023

Published September 26, 2024

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

September 26, 2024

Board of Health
Chelan-Douglas Health District
East Wenatchee, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the Chelan-Douglas 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 activities and condition.

Sincerely,

A handwritten signature in black ink that reads "Pat McCarthy".

Pat McCarthy, State Auditor
Olympia, WA

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Chelan-Douglas Health District January 1, 2023 through December 31, 2023

SECTION I – SUMMARY OF AUDITOR’S RESULTS

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

Financial Statements

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

Internal Control over Financial Reporting:

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

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

Federal Awards

Internal Control over Major Programs:

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

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

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

Identification of Major Federal Programs

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

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

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

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

SECTION II – FINANCIAL STATEMENT FINDINGS

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*

Chelan-Douglas Health District January 1, 2023 through December 31, 2023

Board of Health
Chelan-Douglas Health District
East Wenatchee, 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 Chelan-Douglas Health District, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated September 11, 2024.

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

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.

We noted certain other matters that we will report to the management of the District in a separate letter dated September 13, 2024.

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.

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 11, 2024

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

Chelan-Douglas Health District January 1, 2023 through December 31, 2023

Board of Health
Chelan-Douglas Health District
East Wenatchee, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the compliance of the Chelan-Douglas 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, 2023. 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed; and

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

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

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

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other

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

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

Pat McCarthy, State Auditor

Olympia, WA

September 11, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Chelan-Douglas Health District January 1, 2023 through December 31, 2023

Board of Health
Chelan-Douglas Health District
East Wenatchee, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of the Chelan-Douglas Health District, as of and for the year ended December 31, 2023, and the related notes to the financial statements, as listed in the financial section of our report.

Unmodified Opinion on the Regulatory Basis of Accounting (BARS Manual)

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash and investments of the Chelan-Douglas Health District, and its changes in cash and investments, for the year ended December 31, 2023, on the basis of accounting described in Note 1.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion, they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Chelan-Douglas Health District, as of December 31, 2023, or the changes in financial position or cash flows thereof for the year then ended, because of the significance of the matter discussed below.

Basis for Unmodified and Adverse Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards*. 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 unmodified and adverse opinions.

Matter Giving Rise to Adverse Opinion on U.S. GAAP

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. As described in Note 1 of the financial statements, the financial statements are prepared by the District in accordance with state law using accounting practices prescribed by the BARS Manual, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of state law and the BARS Manual described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 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
- We are required to 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's 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). The Schedule of Liabilities is also presented for purposes of additional analysis, as required by the prescribed BARS Manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and

certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2024 on our consideration of the District's internal control over financial reporting and on the 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 11, 2024

FINANCIAL SECTION

Chelan-Douglas Health District January 1, 2023 through December 31, 2023

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2023
Notes to Financial Statements – 2023

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2023
Schedule of Expenditures of Federal Awards – 2023
Notes to the Schedule of Expenditures of Federal Awards – 2023

Chelan-Douglas Health District
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2023

Beginning Cash and Investments

308	Beginning Cash and Investments	2,456,589
388 / 588	Net Adjustments	-

Revenues

310	Taxes	-
320	Licenses and Permits	1,008,705
330	Intergovernmental Revenues	6,367,839
340	Charges for Goods and Services	473,276
350	Fines and Penalties	3,100
360	Miscellaneous Revenues	130,553
Total Revenues:		<u>7,983,473</u>

Expenditures

510	General Government	-
520	Public Safety	-
530	Utilities	-
540	Transportation	-
550	Natural/Economic Environment	-
560	Social Services	6,532,221
570	Culture and Recreation	-
Total Expenditures:		<u>6,532,221</u>
Excess (Deficiency) Revenues over Expenditures:		<u>1,451,252</u>

Other Increases in Fund Resources

391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	132,684
Total Other Increases in Fund Resources:		<u>132,684</u>

Other Decreases in Fund Resources

594-595	Capital Expenditures	32,946
591-593, 599	Debt Service	-
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	133,769
Total Other Decreases in Fund Resources:		<u>166,715</u>

Increase (Decrease) in Cash and Investments: **1,417,221**

Ending Cash and Investments

50821	Nonspendable	-
50831	Restricted	967,213
50841	Committed	-
50851	Assigned	-
50891	Unassigned	2,906,597
Total Ending Cash and Investments		<u>3,873,810</u>

The accompanying notes are an integral part of this statement.

CHELAN-DOUGLAS HEALTH DISTRICT
Notes to Financial Statements
January 1, 2023 through December 31, 2023

The following notes are an integral part of the accompanying financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Chelan-Douglas Health District was incorporated on February 6, 1961, and operates under the laws of the state of Washington applicable to a Health District. The District is a general purpose government entity and provides personal health, environmental health and community preparedness services.

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

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

a) **Fund Accounting**

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements. The following fund types are used:

GOVERNMENTAL FUND TYPES:

General Fund

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

b) **Basis of Accounting**

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

c) **Budgets**

Annual budgets are adopted for District funds and approved by the Board of Health. The Administrator seeks Board approval for major changes during the year.

d) **Cash and Investments**

See NOTE 2 – DEPOSITS AND INVESTMENTS

CHELAN-DOUGLAS HEALTH DISTRICT
Notes to Financial Statements
January 1, 2023 through December 31, 2023

e) Duties of Chelan County

Per RCW 70.46.080, Chelan County serves as the District's Treasurer of the District's financial activity, issues District Warrants, and prepares cash receipts and disbursement reports.

f) Capital Assets

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

g) Compensated Absences

Vacation leave may be accumulated indefinitely, but is adjusted down to 240 hours if not used by year end. A maximum of 240 hours of accumulated vacation leave is payable upon separation or retirement.

Sick leave may be accumulated indefinitely. Upon separation or retirement, eligible employees who have been employed by the District for at least 3 years (36 months) receive 25% of up to 240 hours accumulated sick leave (max 60 hours).

h) Nonrevenue and Nonexpenditure

Vital Stats fee payable January – December, 2023, to the State of Washington was \$132,684. State death investigation fee is collected at \$11.00 per birth or death certificate. State health statistics fee is collected at \$2.00 for each birth certificate and first copy of death certificate issued. State health statistics fee is collected at \$9.00 for each additional copy issued for a death certificate. Vital Stats paid to State of Washington (for December, 2022 through November, 2023) was \$133,769. Funds were paid on a monthly basis and paid in month following the month funds were collected.

i) Risk Management - See NOTE 3

j) Related Parties

Per RCW 70.46.080, each county which is included in the District shall contribute such sums towards the expense for maintaining and operating the District as shall be agreed upon between it and the local board of health in accordance with guidelines established by the state board of health. In 2023, the District received \$247,610 in discretionary funding and \$49,286 to support the TB program from Chelan County, and \$134,209 in discretionary funding and \$26,714 to support the TB program from Douglas County.

NOTE 2 – DEPOSITS & INVESTMENTS

It is the District's policy to invest all temporary cash surpluses. The amount is included in the cash and investments shown on the statement of fund resources and uses arising from cash transactions. The interest on these investments is prorated to the various funds. Investments are reported at fair value.

All deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission. All investments are insured, registered or held by the District or its agent in the government's name. As required by RCW 70.46.080, Chelan County is the custodian for all District investments. All of the District's investment types are selected by the Chelan County Treasurer. Investments by type at December 31, 2023 are as follows:

CHELAN-DOUGLAS HEALTH DISTRICT
Notes to Financial Statements
January 1, 2023 through December 31, 2023

Type of Investment	Total
Bank Deposits	\$158,825
L.G.I.P	\$2,436,545
FHLMC Bond	\$701,604
Municipal Bond	\$576,836
TOTAL	\$3,873,810

NOTE 3 – RISK MANAGEMENT

Chelan-Douglas 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 contract for risk management, claims, and administrative services. The Pool was formed on 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, 2023, there were 518 Enduris members representing a broad array of special purpose districts throughout the state.

The Enduris program provides 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 apply to them. In certain cases, the Pool may allow members to elect to participate in the programs at limits, coverage, deductibles, and co-pays that are specific to their needs. Enduris is responsible for payment of all covered losses above the member retention, up to the Pool self-insured retention (SIR). Enduris acquires excess/ reinsurance from unrelated insurance companies to cover losses above the Pool's SIR up to the coverage maximum limit of liability. The tables below reflect the Pool's SIR, reinsurance limits, and member deductibles/ co-pays by coverage type.

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays ⁽¹⁾
Liability:				
General Liability	Per Occurrence	\$1 million	\$20 million	\$1,000 - \$100,000
Automobile Liability	Per Occurrence	\$1 million	\$20 million	\$1,000 - \$100,000

CHELAN-DOUGLAS HEALTH DISTRICT
Notes to Financial Statements
January 1, 2023 through December 31, 2023

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	None	\$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.

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays ⁽¹⁾
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 a \$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
Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays ⁽¹⁾
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

CHELAN-DOUGLAS HEALTH DISTRICT
Notes to Financial Statements
January 1, 2023 through December 31, 2023

Identity Fraud Expense Reimbursement ⁽¹⁰⁾	Member Aggregate	\$0	\$25,000	\$0
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- (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 a detailed property schedule. Scheduled items are covered to the extent of the cost of repair or replacement according 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 are scheduled, 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 sub-limit 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 detailed vehicle schedule.
- (7) Crime Blanket coverage (also referred to as "Employee Dishonesty Coverage with Faithful Performance" of \$2,500 is provided to each member. Members 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/member's 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) Enduris purchases Identity Fraud Expense Reimbursement coverage. Member claims do not have a deductible. There is a \$25,000 limit per member.

Upon joining the Pool, members are contractually obligated to remain in the Pool for a minimum of one year. They must give notice 60 days before renewal 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 contributing to Enduris for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Governmental Agreement.

Its member participants fully fund Enduris. Members file claims with the Pool, which determines coverage and administers the claims.

The Pool is governed by a Board of Directors comprising 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.

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 above the insurance coverage in any of the last three policy years.

CHELAN-DOUGLAS HEALTH DISTRICT
Notes to Financial Statements
January 1, 2023 through December 31, 2023

NOTE 4 – PENSION PLANS

Substantially all of the District's full-time and qualifying part-time employees participate in PERS 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 for all public retirement systems.

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

Department of Retirement Systems
Communications Unit
PO Box 48380
Olympia, WA 98504-8380

Also, the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

At June 30, 2023 (the measurement date of the plans), the Health District proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was a follows:

	Allocation %	Liability (Asset)
PERS 1	0.018072%	\$ 412,535
PERS 2/3	0.023308%	\$ (955,321)

NOTE 5 – OPEB PLANS

The District is a participating employer in the state's Public Employees Benefits Board (PEBB) program, a defined benefit plan administered by the Washington State Health Care Authority. The plan provides medical, dental, and life insurance benefits for public employees and retirees and their dependents on a pay-as-you-go basis. The plan provides OPEB benefits through both explicit and implicit subsidies. The explicit subsidy is a set dollar amount that lowers the monthly premium paid by members over the age of 65 enrolled in Medicare Parts A and B. PEBB determines the amount of the explicit subsidy annually. The implicit subsidy results from the inclusion of active and non-Medicare eligible retirees in the same pool when determining premiums. There is an implicit subsidy from active employees since the premiums

CHELAN-DOUGLAS HEALTH DISTRICT
Notes to Financial Statements
January 1, 2023 through December 31, 2023

paid by retirees are lower than they would have been if the retirees were insured separately. The District had 51 active plan members and 17 retired plan members as of December 31, 2023. As of December 31, 2023, the District's total OPEB liability was \$1,719,957 as calculated using the alternative measurement method. The District contributed \$555,255 to the plan for the year ended December 31, 2023.

NOTE 6 – LEASE AGREEMENTS

The District leases building space from a private party for \$2,438 per month under a 4-year lease agreement. The lease has a 3% increase on August 1, 2023 and on each August thereafter. The lease began in August 2022 and will end in July, 2026, with an option to cancel after December 2024 with a 120-day notice.

The District leases four hot/cold water dispensers from Water Solutions Inc., for \$236 per month under 60 month leases with a 30-day termination clause.

The District leases three copiers from Ricoh for \$581.56 per month under a 60 month lease that can be cancelled at any time with substantial penalties.

The District leases a postage machine from Pitney Bowes for \$148.19 per month under a 60-month lease that can be cancelled with a 90-days' notice and substantial penalties.

The total amount paid for leases in 2023 was \$43,721. As of December 31, 2023, the future lease payments are as follows:

Year ended December 31	Total
2024	\$ 40,105
2025	\$ 37,442
2026	\$ 16,692
2027	\$ 531
Total	\$ 94,770

NOTE 7 – SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

During the year ended December 31, 2023, the District adopted guidance for the presentation and disclosures of Subscription Based Information Technology Arrangements (SBITA), as required by the BARS manual. This requirement resulted in the addition of a subscription liability reported on the Schedule of Liabilities.

The District makes subscription payments of \$2,136.75 per month for comprehensive timekeeping and payroll software through ADP. The SBITA contract is for 2 years and includes the option to renew the contract for 1 additional year. The SBITA began in January 2023 and will end in January, 2025, with an option to cancel with a 90-day notice prior to January 2025.

CHELAN-DOUGLAS HEALTH DISTRICT
Notes to Financial Statements
January 1, 2023 through December 31, 2023

The District makes subscription payments of \$7,087.50 annually for Granicus software with a 5% yearly increase. The SBITA contract is for 3 years and includes an automatic renew for 12 month term that can be cancelled with a 60-days' notice prior to the end of the applicable term of the order. The SBITA began in September 2022 and will end in August 2025

The District makes subscription payments of \$14,076 annually for M365 software. The SBITA contract is for 3 years with the option to renew for one additional 36-month term. The SBITA began in September 2022 and will end in August 2025.

The District makes subscription payments of \$32,301 annually for Brightly Software with a 6% yearly increase. The SBITA contract is for 3 years and includes an automatic renew for additional periods equal to the expiring subscription that can be cancelled with a 45-days' notice prior to the expiration of the then-current subscription. The SBITA began in June 2022 and will end in May 2025.

The total amount paid for SBITAs in 2023 was \$93,182. As of December 31, 2023, the future SBITA payments are as follows:

Year ended December 31	Total
2024	\$ 81,398
2025	\$ -
Total	\$ 81,398

NOTE 8 – UNION CONTRACT

On January 28, 2002, the first Collective Bargaining Agreement between Chelan-Douglas Health District and International Federation of Professional and Technical Engineers AFL-CIO Local 17, later changed to PROTEC17, was signed. This contract was in effect until December 31, 2005. On January 23, 2006, the contract was extended until December 31, 2006. On March 19, 2007, a new three-year Agreement was signed, which was in effect until December 31, 2009. On November 16, 2009, the agreement was extended until December 31, 2010. On July 19, 2011 a new three-year agreement, effective 2011-2013, was signed, and was in effect until December 31, 2013. On January 27, 2014, a new three-year agreement, effective 2014-2016, was signed. On December 19, 2016, a new three-year agreement, effective 2017-2019, was signed. On March 27, 2020, an MOU was signed that allowed for a general wage increase of 3% (2.0% COLA and 1% market adjustment) paid retroactively back to January 1, 2020 and a 2% COLA for 2021, and to negotiate 2022 market adjustments and COLA increases in the fall of 2020. Negotiations for 2021 were finalized in the tentative agreements and market adjustments (2% to 4%) were made September 1st 2021. In 2022, the union received a 3.5% COLA. In January of 2023 a new three-year agreement, effective 2023-2025. The contract called for COLA increases on January 1st, 2023 of 5%, 2024 of 4%, and 2025 of 2.5%.

CHELAN-DOUGLAS HEALTH DISTRICT
Notes to Financial Statements
January 1, 2023 through December 31, 2023

The District recognizes PROTEC17 as the exclusive bargaining representative for all regular full time and part time non-supervisory staff exclusive of casual and confidential employees otherwise excluded from membership by other sections of this agreement; and in a separately certified unit, all supervisory staff not otherwise excluded as confidential or otherwise excluded from collective bargaining units under RCW 41.56, or otherwise excluded from membership by other sections of this agreement

NOTE 9 – OTHER DISCLOSURES

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 provide at-home tests, vaccines and surveillance for Chelan and Douglas Counties. We remain prepared in case future mass vaccination, pharmaceutical distribution, and mass testing may be necessary. These activities take immense financial and human resources. We have funding to maintain some testing and surveillance activities and general vaccination work through June 2024. If there is another surge or variant of COVID19 that leads to significant morbidity and mortality, the Health District will re-establish an Incident Management Team and respond accordingly. We continue to struggle to fully staff the agency and may need to suspend non-emergency operations while responding to future COVID19 surges. If such a surge occurs, we would need additional funding.

The District is still dealing with litigation from a 2021 cyber security breach and the costs are being covered by Cyber Security insurance. The case was initially dismissed with prejudice, but the plaintiffs appealed that decision. The appeal is pending the decision of the Court of Appeals after oral arguments in March 2024.

**Chelan-Douglas Health District
Schedule of Liabilities
For the Year Ended December 31, 2023**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
263.56	BUILDING	7/23/2026	110,198	-	32,132	78,066
263.56	WATER DISPENSER	2/21/2024	2,478	-	2,124	354
263.56	WATER DISPENSER	10/7/2027	3,363	-	708	2,655
263.56	POSTAGE MACHINE	10/30/2024	3,260	-	1,778	1,482
263.56	COPIER	9/30/2025	19,191	-	6,979	12,212
263.56	BRIGHTLY	5/31/2025	66,540	-	32,301	34,239
263.56	GRANICUS	9/27/2025	14,529	-	7,087	7,442
263.56	SHI	9/26/2025	42,228	-	28,152	14,076
263.56	ADP	1/4/2025	51,282	-	25,641	25,641
Total General Obligation Debt/Liabilities:			313,069	-	136,902	176,167
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	COMPENSATED ABSENCES		187,275	9,516	-	196,791
264.30	PENSION LIABILITIES		557,013	-	144,478	412,535
264.40	OPEB LIABILITIES		2,020,775	-	300,818	1,719,957
Total Revenue and Other (non G.O.) Debt/Liabilities:			2,765,063	9,516	445,296	2,329,283
Total Liabilities:			3,078,132	9,516	582,198	2,505,450

Chelan-Douglas Health District
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

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 DEPARTMENT OF HEALTH)	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	CLH31004	192,933	-	192,933	-	2
	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	CLH31004	1,049	-	1,049	-	2
Total ALN 10.557:				193,982	-	193,982	-	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via DEPARTMENT OF HEALTH)	WIC Farmers' Market Nutrition Program (FMNP)	10.572	CLH31004	399	-	399	-	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via DEPARTMENT OF HEALTH)	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	CLH31004	8,990	-	8,990	-	2
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DEPARTMENT OF HEALTH)	Public Health Emergency Preparedness	93.069	CLH31004	208,431	-	208,431	-	2
FOOD AND DRUG ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via NATIONAL ENVIRONMENTAL HEALTH ASSOCIATION)	Food and Drug Administration Research	93.103	U2FF D007 358	10,213	-	10,213	-	

The accompanying notes are an integral part of this schedule.

Chelan-Douglas Health District
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

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 DEPARTMENT OF HEALTH)	Immunization Cooperative Agreements	93.268	CLH31004	3,423	-	3,423	-	3
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DEPARTMENT OF HEALTH)	COVID 19 - Immunization Cooperative Agreements	93.268	CLH31004	112,648	-	112,648	-	2
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DEPARTMENT OF HEALTH)	COVID 19 - Immunization Cooperative Agreements	93.268	CLH31004	15,784	-	15,784	-	2
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DEPARTMENT OF HEALTH)	Immunization Cooperative Agreements	93.268	CLH31004	299	-	299	-	2
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DEPARTMENT OF HEALTH)	Immunization Cooperative Agreements	93.268	CLH31004	31,065	-	31,065	-	2
Total ALN 93.268:				163,219	-	163,219	-	

The accompanying notes are an integral part of this schedule.

Chelan-Douglas Health District
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

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 DEPARTMENT OF HEALTH)	COVID 19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	CLH31004	423,866	-	423,866	-	2
	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	CLH31004	76,072	-	76,072	-	2
	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	CLH31004	6,339	-	6,339	-	
Total ALN 93.323:				506,277	-	506,277	-	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DEPARTMENT OF HEALTH)	COVID 19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	CLH31004	120,826	-	120,826	-	
Medicaid Cluster								
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via HEALTH CARE AUTHORITY)	Medical Assistance Program	93.778	K2737-04	31,872	-	31,872	-	

The accompanying notes are an integral part of this schedule.

Chelan-Douglas Health District
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

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 MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via HEALTH CARE AUTHORITY)	Medical Assistance Program	93.778	K4640-01	140,334	-	140,334	-	2
		Total Medicaid Cluster:			172,206	-	172,206	-
		93.994	CLH31004	82,326	-	82,326	-	2
HEALTH RESOURCES AND SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DEPARTMENT OF HEALTH)	Maternal and Child Health Services Block Grant to the States							
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WASHINGTON MILITARY DEPARTMENT - EMERGENCY MANAGEMENT DIVISION)	COVID 19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	D20-503	10,704	-	10,704	-	
Total Federal Awards Expended:				1,477,573	-	1,477,573	-	

Chelan-Douglas Health District
Notes to the Schedule of Expenditures of Federal Awards
For The Year Ended December 31, 2023

NOTE 1 – BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is prepared on the same basis of accounting as the District's Financial Statements. The District uses the cash basis of accounting. Expenditures are recognized as paid and revenue is recognized as received.

NOTE 2 – FEDERAL INDIRECT COST RATE

The District has not elected to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance. The amount expended includes \$276,151 claimed as an indirect cost recovery using an approved indirect cost rate of 27.21%.

NOTE 3 – NONCASH AWARDS – VACCINE

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

NOTE 4 – PROGRAM COSTS

The amounts shown as current year expenditures represent only the federal grant portion of. 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.

ABOUT THE STATE AUDITOR'S OFFICE

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

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

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

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

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

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