



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Spokane Regional Health District

For the period January 1, 2024 through December 31, 2024

Published September 25, 2025

Report No. 1038161



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

September 25, 2025

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 activities and condition.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Spokane Regional Health District January 1, 2024 through December 31, 2024

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 |
| 21.027 | COVID-19 - Coronavirus State and Local Fiscal Recovery Funds |

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.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Spokane Regional Health District January 1, 2024 through December 31, 2024

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

| | | | |
|--|---|---|--------------------------|
| Audit Period: 1/1/2023 – 12/31/2023 | Report Reference No.: 1035689 | Finding Ref. No.: 2023-001 | ALN(s): 21.027 |
| Federal Program Name and Granting Agency: COVID 19 – Coronavirus State and Local Fiscal Recovery Funds U.S. Department of Treasury | | Pass-Through Agency Name: Washington State Department of Health, Spokane County | |
| Finding Caption: The District did not have adequate internal controls for ensuring compliance with federal suspension and debarment requirements. | | | |
| Background: In 2023, the District spent \$884,974 in program funds to respond to the public health emergency and address the negative economic impacts the emergency caused. Federal regulations require recipients to establish and maintain internal controls that ensure compliance with program requirements. These controls include understanding program requirements and monitoring the effectiveness of established controls. Federal requirements prohibit recipients from contracting with or purchasing from parties suspended or debarred from doing business with the federal government. Whenever the District enters into contracts or purchases goods or services that it expects to equal or exceed \$25,000, paid all or in part with federal funds, it must verify that the contractors are not suspended, debarred or otherwise excluded. The District may verify this by obtaining a written certification from the contractor, adding a clause or condition into the contract that states the contractor is not suspended or debarred, or checking for exclusion records in the U.S. General Services Administration's System for Award Management at SAM.gov. The District must verify this before entering into the contract, and it must maintain documentation demonstrating compliance with this federal requirement. | | | |
| Status of Corrective Action: (check one) <input checked="checked" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid | | | |

Corrective Action Taken:

All SRHD contracts contain both a provision within the body of the agreement as well as a non-debarment certification form required to be signed by all SRHD contractors. In addition, SRHD performs a SAM.gov lookup on all contractors and vendors regardless of the amount of the agreement. SRHD ensures all subcontractors are looked up in the SAM.gov system and verification of non-debarment or suspension is retained.

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, 2024 through December 31, 2024

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, 2024, 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 19, 2025.

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.

A handwritten signature in black ink, reading "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

September 19, 2025

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, 2024 through December 31, 2024

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, 2024. 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, 2024.

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

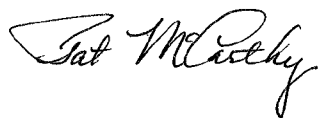
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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.



Pat McCarthy, State Auditor

Olympia, WA

September 19, 2025

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Spokane Regional Health District January 1, 2024 through December 31, 2024

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, 2024, 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, 2024, 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 2024, the District adopted new accounting guidance, Governmental Accounting Standards Board *Statement No. 101, Compensated Absences*. 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 19, 2025 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, reading "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

September 19, 2025

FINANCIAL SECTION

Spokane Regional Health District January 1, 2024 through December 31, 2024

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2024

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2024

Statement of Activities – 2024

Balance Sheet – Governmental Funds – 2024

Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental
Funds – 2024

Reconciliation – Balance Sheet/Statement of Net Position – 2024

Notes to Financial Statements – 2024

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
– General Fund – 2024

Schedule of the District's Proportionate Share of the Net Pension Liability – PERS 1,
PERS 2/3 – 2024

Schedule of District Contributions – PERS 1, PERS 2/3 – 2024

Statement of Changes in Total OPEB Liability and Related Ratios – 2024

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2024

Notes to the Schedule of Expenditures of Federal Awards – 2024

Spokane Regional Health District
Annual Report
For the Fiscal Year Ended December 31, 2024

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, 2024.

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 non-fiduciary 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 \$27.83 million on December 31, 2024, not including deferred inflows and outflows. The increase in Current and Other Assets of \$3.877 million is a combined result of cash and cash equivalents increased by \$5.273 million, net pension asset decreased by \$1.065 million, receivables decreased by \$331 thousand. District operations resulted in an increase to a net position of \$4.749 million.

**Spokane Regional Health District
Annual Report - Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2024**

General Fund

During the year, the District had revenues of \$55.4 million and expenses of \$53.1 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 2024.

In the fiscal year 2022, the District adopted GASB No. 87, Accounting and Financial Reporting for Lease Arrangements that exceed 12 months in lengths. Right-to-use lease 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.

In the fiscal year 2023, the District adopted GASB No. 96, Accounting and Financial Reporting for Subscription-Based Information Technology Arrangements (SBITA) that exceed 12 months in length and a threshold of \$5,000.

In the fiscal year 2024, the District adopted GASB No. 100 and 101. GASB 100 directs how certain Accounting Changes and Error Corrections are to be reported, and the implementation of GASB 101 impacts the reported paid-time-liability Compensated Absences on the Statement of Net Position.

The District calculated the other payroll expenses in addition to accrued leave, sick and comp time and incorporated this into the District's dollar amount. The District also incorporated an additional sick time usage liability based on 2022, 2023 and 2024 actual usage and determined that an average of 50 hours to be used per year per employee during calendar year 2025. These are both requirements of GASB No. 101.

Pursuant to GASB Statement No. 100 (Accounting Changes and Error Correction) and 101 (Compensated Absences), the District has changed the way it reports liabilities associated with compensated absences and applied the changes to accounting principles. This required the District to restate 2023 Net Position from \$19,440,983 to \$18,777,353 due to the change in how compensated absences were reported during 2023 showing a decrease of \$663,630. Before the change, the District reported compensated absences in accordance with GASB 16.

With the accounting changes, the District recalculated prior reported balances and applied the change retrospectively in accordance with GASB 100. The change then continued to be applied at year end, for the balances defined in GASB101. In making the change of accounting principle, the District recorded an adjustment to beginning net position of (\$663,630). Tables reflecting prior year activities and reporting in the Management's Discussion and Analysis and the Notes to the Financial Statements also reflect the changes. In accordance with the implementation of these two standards, the beginning balance of accrued leave payable has been adjusted accordingly. This change is reflected in the Statement of Revenue, Expenses and changes in Net Position.

Spokane Regional Health District
Annual Report - Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2024

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

| GENERAL FUND | | | Change |
|-----------------------------------|---------------|---------------|-------------------|
| | | | Increase |
| | <u>2024</u> | <u>2023</u> | <u>(Decrease)</u> |
| ASSETS: | | | |
| Current and Other Assets | \$ 32,319 | \$ 28,442 | \$ 3,877 |
| Capital Assets | <u>13,639</u> | <u>13,593</u> | <u>46</u> |
| Total Assets | <u>45,958</u> | <u>42,035</u> | <u>3,923</u> |
| DEFERRED OUTFLOWS OF RESOURCES: | <u>7,260</u> | <u>6,259</u> | <u>1,001</u> |
| LIABILITIES: | | | |
| Long-term Liabilities | 11,958 | 12,820 | (862) |
| Other Liabilities | <u>6,172</u> | <u>5,229</u> | <u>943</u> |
| Total Liabilities | <u>18,130</u> | <u>18,049</u> | <u>81</u> |
| DEFERRED INFLOWS OF RESOURCES: | <u>11,561</u> | <u>10,804</u> | <u>757</u> |
| NET POSITION: | | | |
| Invested in Capital Assets | 10,278 | 9,725 | 553 |
| Restricted DRS pension PERS 2/3 | 8,479 | 7,153 | 1,326 |
| Unrestricted | <u>4,769</u> | <u>2,563</u> | <u>2,206</u> |
| NET POSITION - BEGINNING | - | 19,441 | (19,441) |
| PRIOR PERIOD ADJUSTMENT- GASB 101 | - | (664) | 664 |
| TOTAL NET POSITION | \$ 23,526 | \$ 18,777 | \$ 4,749 |

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 increase in capital assets during 2024 reflects the net of \$989,799 in purchases, less \$436,479 in depreciation, plus the addition of a new right-to-use intangible lease of \$96,986 less total lease amortization of \$497,772, plus SBITA addition of \$63,899 less SBITA amortization of \$170,190.

Spokane Regional Health District
Annual Report - Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2024

The decrease in long-term liabilities reflects a decrease in Net Pension Liability (NPL) from \$2,285,266 to \$1,755,818, a decrease from \$5,382,987 to \$5,253,744 in Total Other Post-Employment Benefit (OPEB) obligation, an increase in accrued employee vacation and sick from \$1,474,715 to \$1,742,216 (due to GASB101) and a lease liability decrease from \$3,552,447 to \$3,206,519 and the expiration of SBITA long term liability of \$125,236.

The increase in current and other assets in 2024 reflects an increase in cash and cash equivalents from \$14,443,070 to \$19,716,401 and a decrease in net receivables from \$8,741,687 to \$8,410,559 and a decrease in net pension asset from \$5,246,765 to \$4,180,912.

The increase in other liabilities primarily reflects an increase in accounts payable from \$2,832,185 to \$2,901,327, due to other governmental units increased from \$216,047 to \$224,973, accrued employee benefits increased from \$1,088,316 to \$1,282,258, employee flex spending increased from \$14,411 to \$20,964, advance payment of permit fees increased \$447,140 to \$451,635, an increase in OPEB liability from \$109,900 to \$127,122, lease liability increased from \$417,390 to \$427,652 and SIBTA liability increased from \$103,191 to \$143,039 and accrued employee sick of \$593,505.

Condensed Statement of Activities (in thousands):

| GENERAL FUND | | |
|---|------------------|------------------|
| Revenues | 2024 | 2023 |
| Charges for Services | 13,699 | 12,781 |
| Operating Grants & Contributions | 36,237 | 33,777 |
| General Revenues | 5,498 | 5,241 |
| Total Revenues | \$ 55,434 | \$ 51,799 |
| Program Expenses | | |
| Public Health | 50,685 | 48,364 |
| Total Expenses | \$ 50,685 | \$ 48,364 |
| | | |
| Change in Net Position | 4,749 | 3,435 |
| | | |
| Total Net Position, January 1 | \$ 18,777 | \$ 16,006 |
| | | |
| Prior Period Adjustment - GASB 101 | \$ - | \$ (664) |
| | | |
| Total Net Position, December 31 | \$ 23,526 | \$ 18,777 |
| | | |
| | | |

Spokane Regional Health District

Annual Report - Management's Discussion and Analysis

For the Fiscal Year Ended December 31, 2024

Overall Analysis of Financial Position and Result of Operations

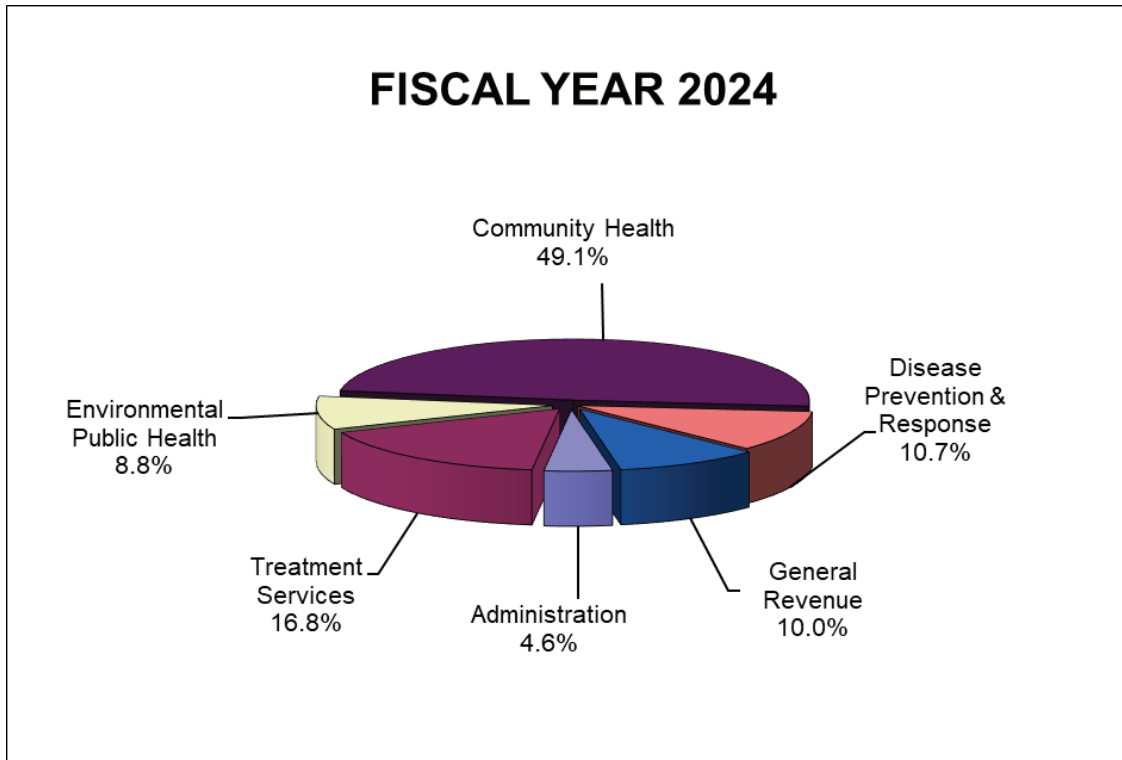
- 2024 revenues exceeded expenses resulting in an increase to fund balance of \$2.27 million.

A summary of revenues for the year ended December 31, 2024, and the amount and percentage change in relation to prior year amounts is as follows (in thousands):

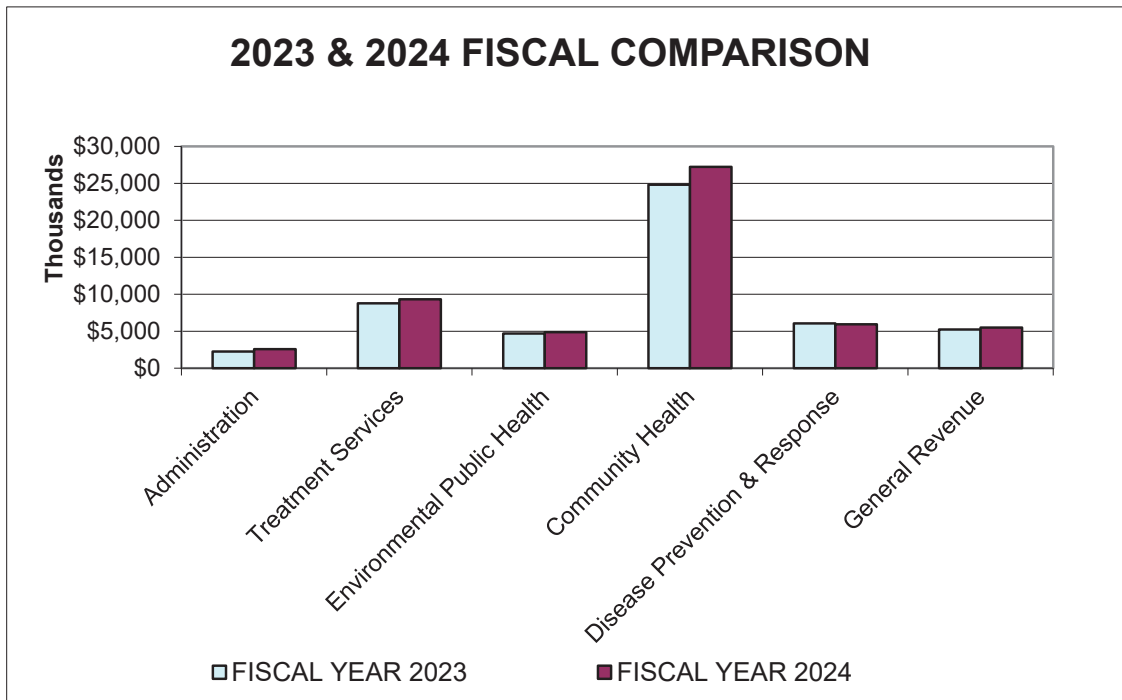
| | 2024 | 2023 | Amount Increase (Decrease) | Percent Increase (Decrease) |
|-------------------------------|------------------|------------------|----------------------------------|-----------------------------------|
| PROGRAM REVENUES: | | | | |
| Treatment Services | 9,326 | 8,767 | 559 | 6.4% |
| Environmental Public Health | 4,862 | 4,681 | 181 | 3.9% |
| Community Health | 27,229 | 24,808 | 2,421 | 9.8% |
| Disease Prevention & Response | 5,945 | 6,058 | (113) | -1.9% |
| Administration | 2,574 | 2,244 | 330 | 14.7% |
| TOTAL PROGRAM REVENUES | 49,936 | 46,558 | 3,378 | 7.3% |
| GENERAL REVENUE | 5,498 | 5,241 | 257 | 4.9% |
| TOTAL REVENUES | <u>\$ 55,434</u> | <u>\$ 51,799</u> | <u>\$ 3,635</u> | <u>7.0%</u> |

The following chart shows revenues by division for the fiscal year ended December 31, 2024:

**Spokane Regional Health District
Annual Report - Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2024**

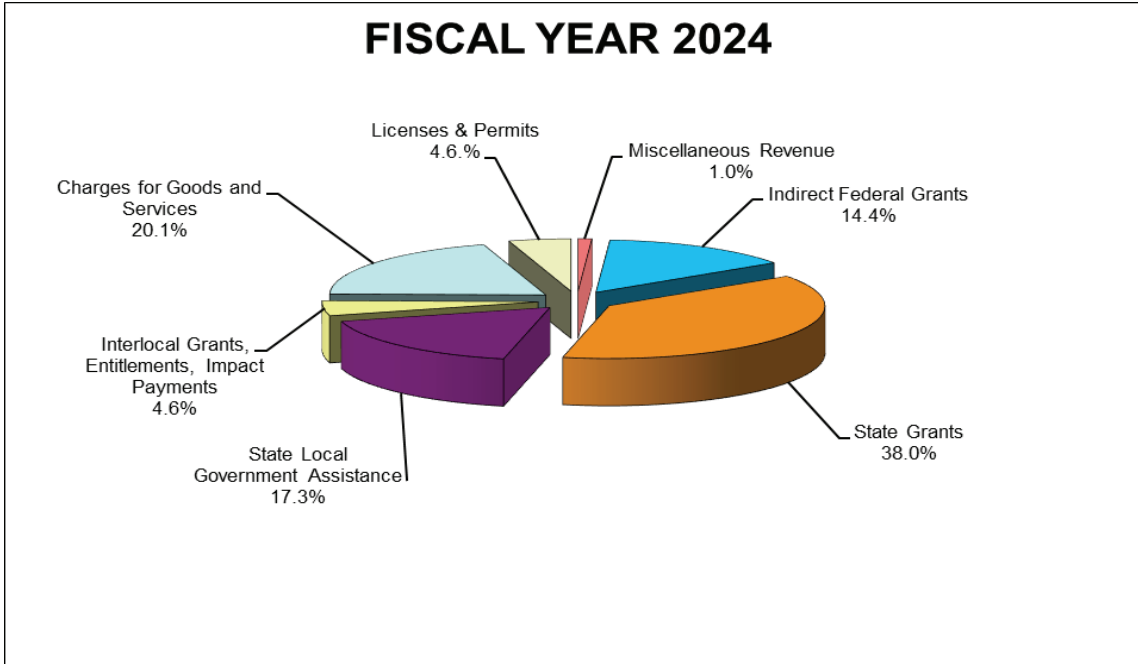


A comparison of revenues by division for fiscal years ending December 31, 2023, and 2024 follows:

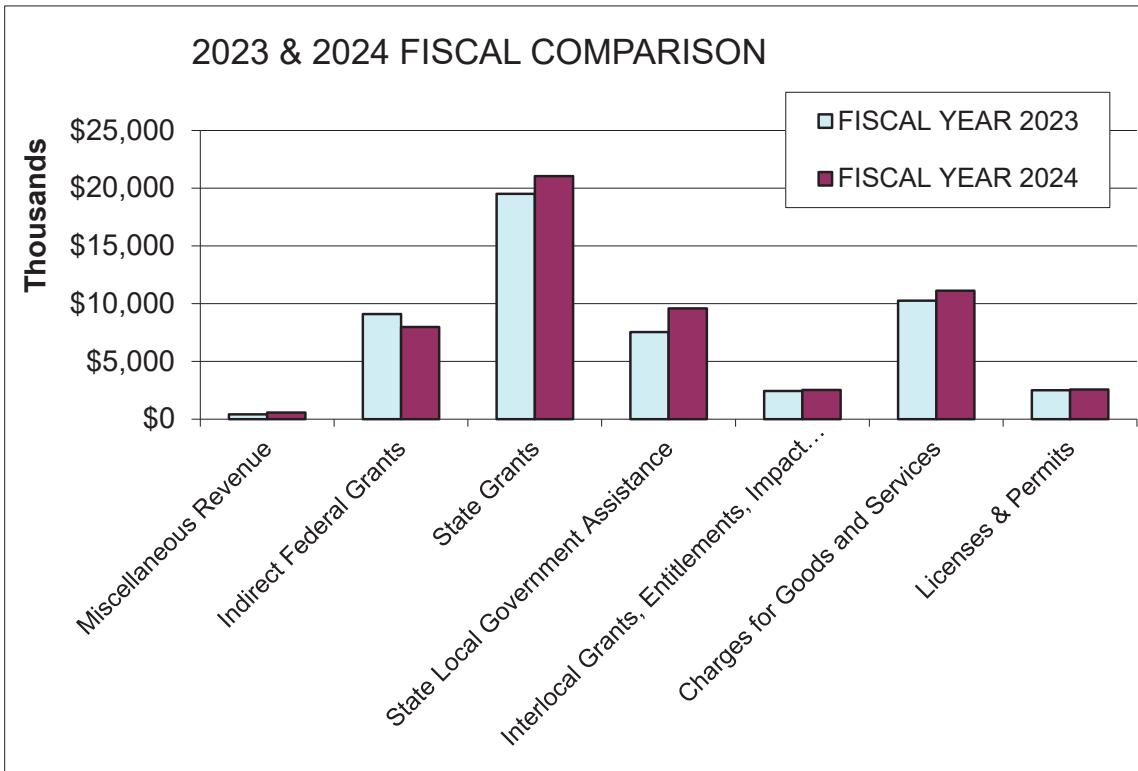


Spokane Regional Health District Annual Report - Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2024

The following chart shows the major sources and the percentage of total operating revenues for the fiscal year ended December 31, 2024:



A comparison of revenues by source for fiscal years ending December 31, 2023, and 2024 follows:



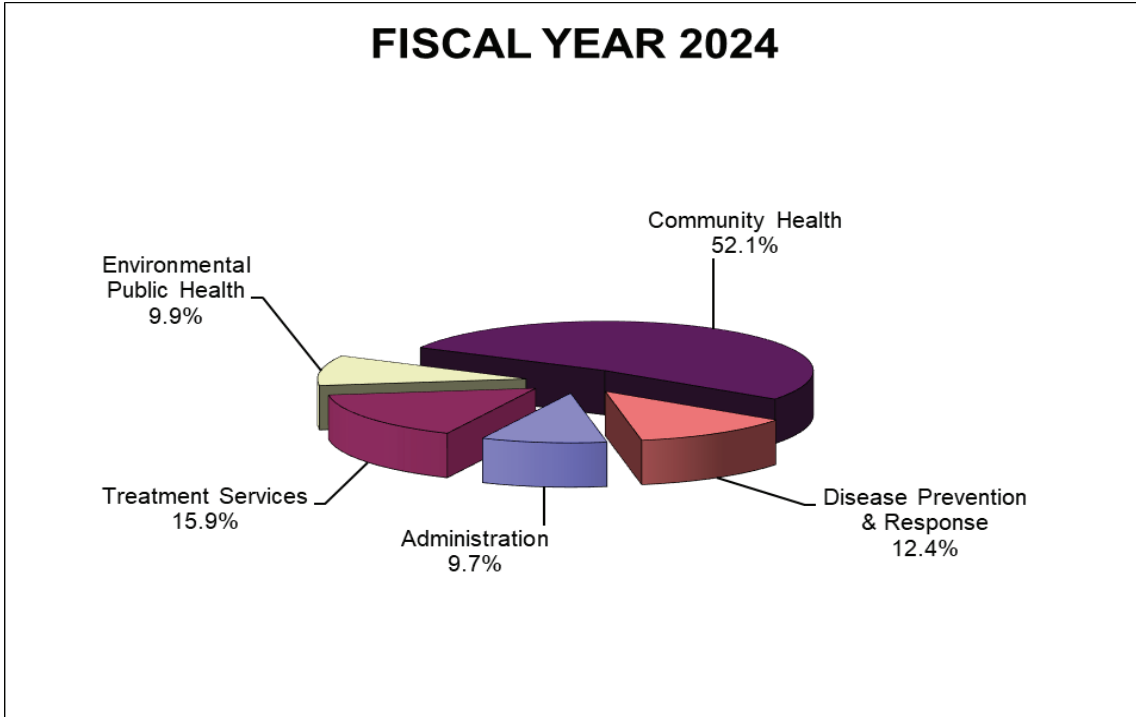
Spokane Regional Health District
Annual Report - Management's Discussion and Analysis
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A summary of program expenditures for the year ended December 31, 2024, and the amount and percentage change in relation to prior year amounts is as follows (in thousands):

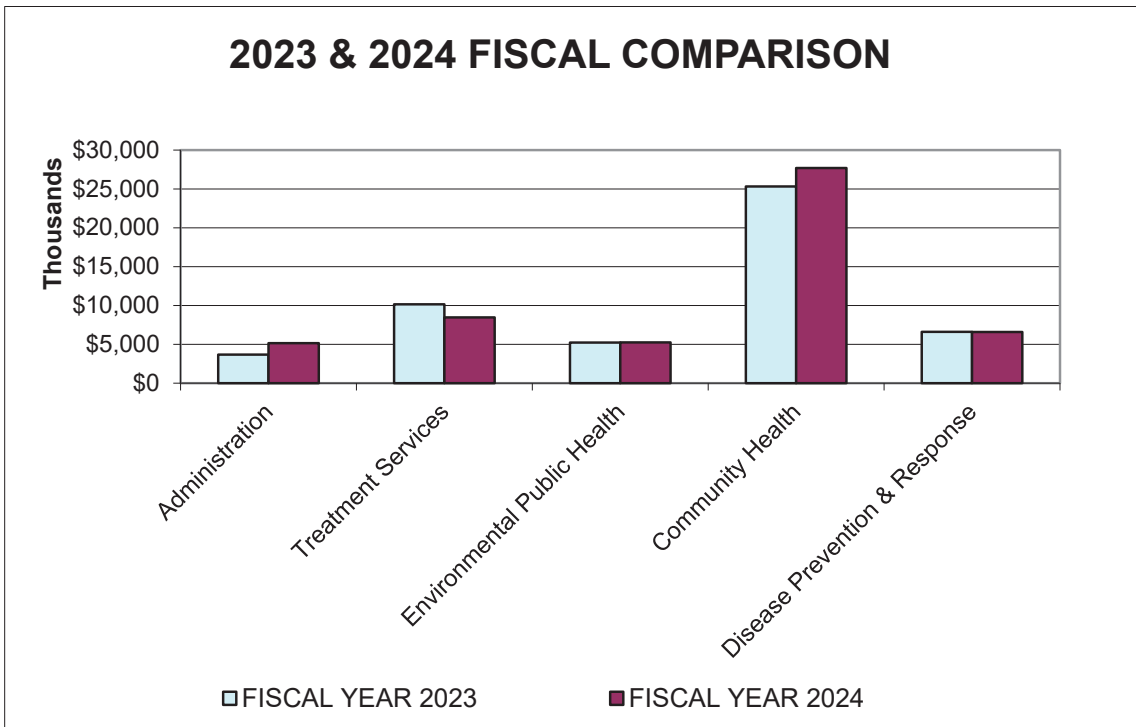
| EXPENDITURES: | 2024 | 2023 | Amount Increase (Decrease) | Percent Increase (Decrease) |
|-------------------------------|-------------------------|-------------------------|----------------------------------|-----------------------------------|
| Current: | | | | |
| Treatment Services | 8,472 | 10,141 | (1,669) | -16.5% |
| Environmental Public Health | 5,244 | 5,225 | 19 | 0.4% |
| Community Health | 27,688 | 25,314 | 2,374 | 9.4% |
| Disease Prevention & Response | 6,591 | 6,611 | (20) | -0.3% |
| Administration | 4,178 | 2,901 | 1,277 | 44.0% |
| Capital Outlay | 990 | 795 | 195 | 24.5% |
| TOTAL EXPENDITURES | <u>\$ 53,163</u> | <u>\$ 50,987</u> | <u>\$ 2,176</u> | <u>4.3%</u> |

Spokane Regional Health District Annual Report - Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2024

The following chart shows expenditures by division for the fiscal year ended December 31, 2024:

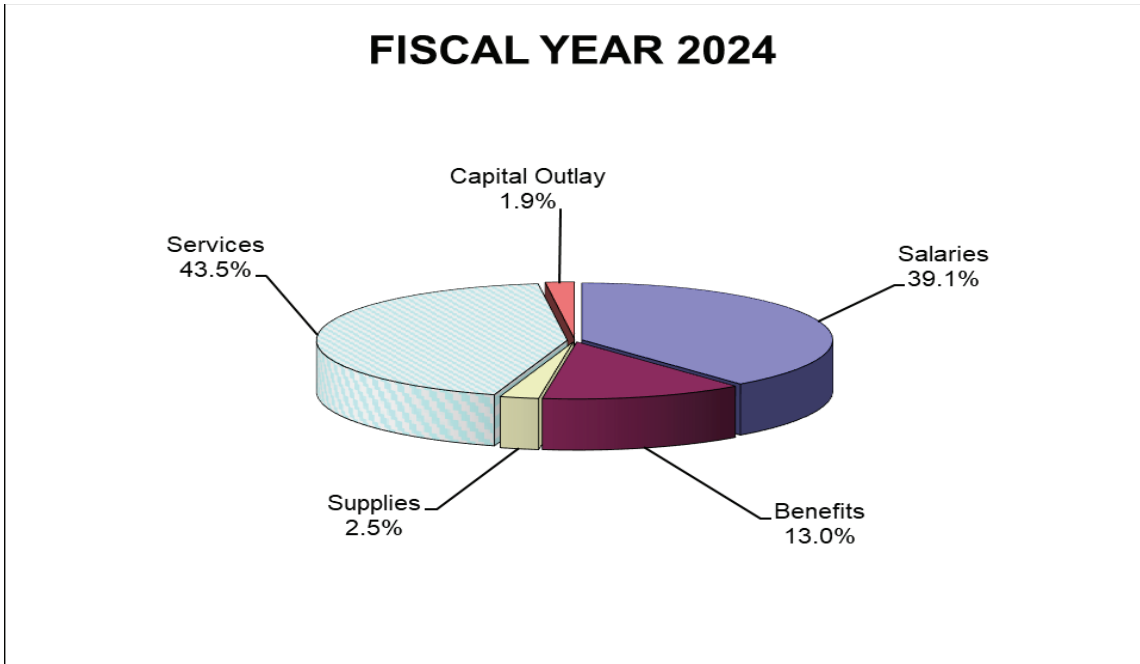


A comparison of expenditures by division for fiscal years ending December 31, 2023, and 2024 follows:

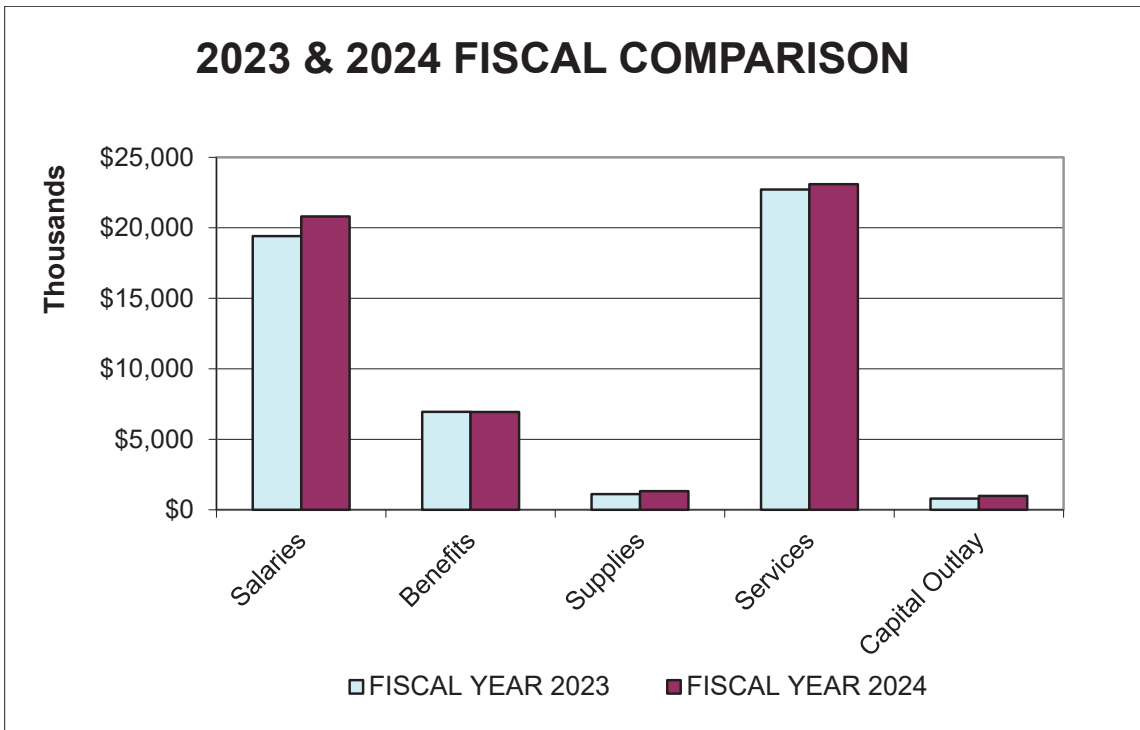


**Spokane Regional Health District
Annual Report - Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2024**

The following chart shows expenditures by object for the fiscal year ended December 31, 2024:



A comparison of expenditures by object for fiscal years ending December 31, 2023, and 2024 follows:



Spokane Regional Health District

Annual Report - Management's Discussion and Analysis

For the Fiscal Year Ended December 31, 2024

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.

A condensed summary of SRHD's 2024 original and final budget is presented below along with 2024 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 | \$17,661 | \$13,691 |
| | | | | |
| Resources / Revenues | 54,611 | 55,129 | 55,434 | 305 |
| | | | | |
| Appropriations / Expenditures | 54,611 | 55,129 | 53,164 | (1,965) |
| | | | | |
| General Fund Balance, December 31 | \$3,970 | \$3,970 | \$19,931 | \$15,961 |

Capital Asset and Long-Term Debt Activity

In 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 reports a lease asset of \$3,227,000 and a long-term lease liability of \$3,206,519 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.

In 2023, the District implemented guidance for the presentation and disclosures of Subscription-Based Information Technology Arrangements (SBITA), as required in response to the provisions of GASB

**Spokane Regional Health District
Annual Report - Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2024**

Statement No. 96. The District reports SBITA asset of \$133,455 on the Statement of Net Position. Amortization of the SBITA asset and interest expense are reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance.

In 2024, the District implemented guidance for the presentation and disclosures of compensated absences, as required in response to the provisions of GASB Statement No. 101. The District restated 2023 Net Position from \$19,440,983.00 to \$18,777,353 for a total reduction of \$663,630. This is due to GASB 101 requiring restatement of previous year Net Position. This represents the inclusion of other payroll expenses on 2023 accrued vacation, sick and comp time which was \$1,474,715 increased by \$115,860 for a total of \$1,590,575. The new calculation of sick estimated liability for 2023 is \$547,770 for a combined total net position change of \$663,630.

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's response to COVID-19 in our community has declined. The District's federal funding through Washington State Department of Health is scheduled to end June 2025.

Spokane Regional Health District
Statement of Net Position
December 31, 2024

| | Governmental Activities |
|--|----------------------------|
| ASSETS | |
| Cash and Cash Equivalents | \$ 19,716,401 |
| Receivables (net) | 8,410,559 |
| Inventories | 11,000 |
| Net Pension Asset | 4,180,912 |
| Capital Assets not being depreciated: | |
| Land | 400,500 |
| Capital Assets net of accumulated depreciation: | |
| Buildings & Structures | 6,527,385 |
| Leasehold Improvements | 2,773,591 |
| Machinery and Equipment | 576,962 |
| Intangible Right-of-Use Lease | 3,227,000 |
| Intangible Right-of-Use SBITA | 133,455 |
| Total Capital Assets | 13,638,893 |
| Total Assets | \$ 45,957,765 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred Outflows Related to Pensions | 6,083,630 |
| Deferred Outflows Related to OPEB | 1,176,808 |
| Total Deferred Outflows of Resources | 7,260,438 |
| LIABILITIES | |
| Accounts Payable | 2,901,327 |
| Due To Other Governmental Units | 224,973 |
| Accrued Employee Benefits | 1,282,258 |
| Employee Flex Spending Withholding Payable | 20,965 |
| Advance Payment of Permit Fees | 451,635 |
| OPEB Liability - Due within one year | 127,122 |
| Lease Liability - Due within one year | 427,652 |
| SBITA Liability - Due within one year | 143,039 |
| Accrued Employee Sick Liability - Due within one year | 593,505 |
| Noncurrent Liabilities: | |
| Accrued Employee Vacation, Sick, & Comp Time - Due in more than one year | 1,742,216 |
| Net Pension Liability | 1,755,818 |
| OPEB Liability - Due in more than one year | 5,253,744 |
| Lease Liability - Due in more than one year | 3,206,519 |
| Total Liabilities | 18,130,773 |
| DEFERRED INFLOWS of RESOURCES | |
| Grants Received in Advance | 3,325,715 |
| Deferred Inflows Related to Pensions | 1,663,207 |
| Deferred Inflows Related to OPEB | 6,572,184 |
| Total Deferred Inflows of Resources | 11,561,106 |
| NET POSITION | |
| Net Investment In Capital Assets | 10,278,439 |
| Restricted DRS pension PERS 2/3 | 8,478,580 |
| Unrestricted (Deficit) | 4,769,305 |
| Total Net Position | \$ 23,526,324 |

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

Spokane Regional Health District
Statement of Activities
Year Ended December 31, 2024

| 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 | 7,234,536 | 839,843 | 9,105,545 | 220,516 | - | 1,251,683 |
| Environmental Public Health | 4,123,603 | 793,615 | 3,475,046 | 1,386,655 | - | (55,517) |
| Community Health | 24,663,625 | - | 288,921 | 26,940,795 | - | 26,499 |
| Disease Prevention & Response | 5,002,070 | 1,251,351 | 153,219 | 5,791,786 | - | (308,417) |
| Administration | 9,661,274 | (5,424,401) | 676,310 | 1,897,015 | - | (1,663,548) |
| Total Functions | \$ 50,685,108 | \$ - | \$ 13,699,041 | \$ 36,236,768 | \$ - | (749,299) |

| | |
|---|---------------|
| General Revenues: | |
| State Funded Local Government Assistance | 2,877,318 |
| County Assessment | 2,071,723 |
| Interest | 549,228 |
| Total General Revenues | 5,498,269 |
| Changes In Net Position | 4,748,970 |
| Net Position - Beginning | 19,440,983 |
| Prior Period Adjustment - Effect of Change in Accounting Principle GASB100 | (663,630) |
| Adjusted Net Position - Beginning | 18,777,353 |
| Net Position - Ending | \$ 23,526,324 |

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

Spokane Regional Health District
Balance Sheet
Governmental Funds
December 31, 2024

| | General Fund |
|---|----------------------|
| ASSETS and OUTFLOWS of RESOURCES | |
| Cash & Cash Equivalents | 19,677,121 |
| Employee Flex Fund | 20,965 |
| Imprest Cash Funds | 18,315 |
| Receivables, Net | 320,438 |
| Due from Other Governments | 8,090,121 |
| Inventories: | |
| US Postal Fund | 11,000 |
| Total Assets and Deferred Outflows of Resources | 28,137,959 |
| LIABILITIES, DEFERRED INFLOWS of RESOURCES and FUND BALANCES | |
| Liabilities: | |
| Accrued Employee Benefits | 1,282,258 |
| Accounts Payable | 2,901,327 |
| Due to Other Governments | 224,973 |
| Employee Flex Fund | 20,965 |
| Advance Payment of Permit Fees | 451,635 |
| Total Liabilities | 4,881,158 |
| Deferred Inflows of Resources | 3,325,715 |
| Fund Balances: | |
| Nonspendable Fund Balance | 11,000 |
| Committed Fund Balance | 1,500,000 |
| Assigned Fund Balance | 4,037,404 |
| Unassigned Fund Balance | 14,382,683 |
| Total Fund Balances | 19,931,086 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 28,137,959 |

Reconciliation to the Statement of Net Position:

| | |
|---|----------------------|
| Total Fund Balances, per above | \$ 19,931,086 |
| 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 | 13,638,893 |
| Net pension assets pertaining to pension activity, not reported in the funds | 4,180,912 |
| Deferred outflows pertaining to pension activity, not reported in the funds | 6,083,630 |
| Deferred inflows pertaining to pension activity, not reported in the funds | (1,663,207) |
| Deferred outflows pertaining to OPEB activities, not reported in the funds | 1,176,808 |
| Deferred inflows pertaining to OPEB activities, not reported in the funds | (6,572,184) |
| Liabilities for compensated absences due and payable later than the end of the current period, not reported in the funds | (2,335,721) |
| Liabilities for other post employee benefits (OPEB) due and payable later than the current period, not reported in the funds | (5,380,866) |
| Liabilities for leases due and payable later than the end of the current period, not reported in the funds | (3,634,171) |
| Liabilities for SBITA's due and payable later than the end of the current period, not reported in the funds | (143,039) |
| Liabilities for pensions due and payable later than the end of the current period, not reported in the funds | (1,755,818) |
| Net Position of Governmental Activities: | 23,526,324 |

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, 2024

| | GENERAL FUND |
|--|---------------------|
| REVENUES | |
| Licenses and Permits | 2,575,999 |
| Federal Grants | 7,988,002 |
| State Grants | 21,052,879 |
| Intergovernmental Revenues | 9,588,602 |
| Interlocal Grants, Entitlements, Impact Payments | 2,528,414 |
| Charges For Goods And Services | 11,123,838 |
| Miscellaneous | 576,345 |
| Total Revenues | 55,434,078 |
| EXPENDITURES | |
| Current: | |
| Administration | 4,178,490 |
| Treatment Services | 8,472,143 |
| Environmental Public Health | 5,244,200 |
| Community Health | 27,688,139 |
| Disease Prevention and Response | 6,591,131 |
| Capital Outlay | 989,799 |
| Total Expenditures | 53,163,902 |
| Excess (Deficiency) of Revenues over Expenditures | 2,270,176 |
| Net Change in Fund Balance | 2,270,176 |
| Fund Balance - Beginning | 17,660,909 |
| Fund Balance - Ending | 19,931,085 |

Reconciliation to the Statement of Activities:

Net change in fund balance, per above **2,270,176**

| | |
|--|---------------------|
| Purchase of capital assets expensed on fund statements which are capitalized on government-wide statements | 989,799 |
| Depreciation expensed on government-wide statements | (436,479) |
| Intangible right-of-use lease asset amortization | (497,772) |
| Debt principle payment on intangible right-of-use lease asset | 432,652 |
| Intangible right-of-use SBITA asset amortization | (170,190) |
| Debt principle payment on intangible right-of-use SBITA asset | 149,287 |
| Decrease (increase) to the liability for compensated absences | (197,376) |
| Decrease (increase) to the liability for pensions | 1,944,361 |
| Decrease (increase) to the liability for OPEB obligation | 264,512 |
| Change in net position - per Statement of Net Activities | \$ 4,748,970 |

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

*Implementation of GASB100/101

**Spokane Regional Health District
Reconciliation
Balance Sheet/Statement of Net Position
December 31, 2024**

| | General Fund Totals | Long-Term Assets, Liabilities | Statement of Net Position Totals |
|---|------------------------|----------------------------------|-------------------------------------|
| ASSETS | | | |
| Cash & Cash Equivalents | \$ 19,677,121 | | \$ 19,716,401 |
| Employee Flex Fund | 20,965 | | |
| Imprest Cash Funds | 18,315 | | |
| Receivables (net) | 320,438 | | 8,410,559 |
| Due from Other Governments | 8,090,121 | | |
| Inventories | 11,000 | | 11,000 |
| Net Pension Asset | | 4,180,912 | 4,180,912 |
| Capital Assets not being depreciated: | | | |
| Land | | 400,500 | 400,500 |
| Capital Assets net of accumulated depreciation: | | | |
| Buildings & Structures | | 6,527,385 | 6,527,385 |
| Leasehold Improvements | | 2,773,591 | 2,773,591 |
| Machinery and Equipment | | 576,962 | 576,962 |
| Intangible Right-of-Use Lease | | 3,227,000 | 3,227,000 |
| Intangible Right-of-Use SBITA | | 133,455 | 133,455 |
| Total Capital Assets | | 13,638,893 | 13,638,893 |
| Total Assets | 28,137,959 | 17,819,805 | 45,957,765 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred Outflows Related to Pensions | | 6,083,630 | 6,083,630 |
| Deferred Outflows Related to OPEB | | 1,176,808 | 1,176,808 |
| Total Assets & Deferred Outflows | \$ 28,137,959 | \$ 25,080,243 | \$ 53,218,203 |
| LIABILITIES | | | |
| Accounts Payable | \$ 2,901,327 | | \$ 2,901,327 |
| Due To Other Governmental Units | 224,973 | | 224,973 |
| Accrued Employee Benefits | 1,282,258 | | 1,282,258 |
| Employee Flex Spending Withholding Payable | 20,965 | | 20,965 |
| OPEB Liability - Due within one year | | | 127,122 |
| Lease Liability - Due within one year | | | 427,652 |
| SBITA Liability - Due within one year | | | 143,039 |
| Accrued Employee Sick Liability - Due within one year | | | 593,505 |
| Advance payment of permit fees | 451,635 | | 451,635 |
| Accrued Employee Vacation, Sick and Comp Time Liability | | 1,742,216 | 1,742,216 |
| Net Pension Liability | | 1,755,818 | 1,755,818 |
| Total OPEB Liability | | 5,253,744 | 5,253,744 |
| Lease Liability | | 3,206,519 | 3,206,519 |
| Total Liabilities | 4,881,158 | 11,958,297 | 18,130,773 |
| DEFERRED INFLOWS of RESOURCES | | | |
| Grants received in advance | 3,325,715 | | 3,325,715 |
| Deferred Inflows Related to Pensions | | 1,663,207 | 1,663,207 |
| Deferred Inflows Related to OPEB | | 6,572,184 | 6,572,184 |
| Total Deferred Inflows of Resources | 3,325,715 | 8,235,391 | 11,561,106 |
| FUND BALANCES/NET POSITION | | | |
| Total Fund Balances/Net Position | 19,931,086 | 4,886,555 | 23,526,324 |
| Total Liabilities and Fund Balances/Net Position | \$ 28,137,959 | \$ 25,080,243 | \$ 53,218,203 |

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

Spokane Regional Health District
Notes to Financial Statements
January 1, 2024 to December 31, 2024

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 of 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, 2024 to December 31, 2024

Licenses and interest associated within the current period are all considered to be susceptible to accrual and so have been recognized as revenues for 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 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, 2024 to December 31, 2024

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 2024 are as follows:

| | <u>Revenue Increase</u> | <u>Expense Increase</u> |
|------------------|-------------------------|-------------------------|
| Resolution 23-09 | \$ 167,555 | \$ 167,555 |
| Resolution 24-03 | \$ 350,000 | \$ 350,000 |

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, 2024, the treasurer was holding \$19,698,086 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, \$451,635 is unearned 2025 permit revenue for the Environmental Public Health Division and \$3,325,715 represents grants received in advance for several projects that are ongoing until the full award has been spent. For the 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. Investments (see Note 4 – Deposits and Investments)

3. 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, 2024, was \$7,908. For 2024, the public health assistance funding received 1/31/25 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 1/31/25 payment as a 2024 receivable is to ensure the District is in compliance with our accrual basis of reporting.

4. 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.

5. 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.

Spokane Regional Health District
Notes to Financial Statements
January 1, 2024 to December 31, 2024

The costs for normal maintenance and repairs are not capitalized.

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

| Assets | Years |
|-------------------------|--------------|
| 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 and Subscription-based Information Technology Agreements (SBITA). A SBITA is a contract that conveys control of the right to use another party's IT software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. Intangible assets are valued at historical cost or estimated historical cost where actual historical costs are not available.

6. Capitalization Threshold for Leases and Subscription-Based Information Technology Arrangements (SBITAs)

The District follows the modified accrual basis of accounting in its treatment of leases and SBITAs. Agreements are evaluated regarding the lease term payments, and discount rates as well as materiality to the District's financial position. The District's capitalization threshold for recognition of SBITAs is \$5,000. Arrangements that are considered short term or do not meet capitalization thresholds are treated as revenues and expenditures in the current year.

7. Leases & SBITAs

The District recognizes a lease/SBITA liability and an intangible right-to-use lease/SBITA asset in the government-wide financial statements. The District recognizes lease/SBITA liabilities with an initial, individual value of \$5,000 or more.

The lease/SBITA asset is amortized using the straight-line method over its useful life.

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

The District uses the interest rate charged by the lessor/vendor as the discount rate. When the interest rate charged by the lessor/vendor is not provided, the District generally uses its incremental borrowing rate as the discount rate obtained from Spokane County, Spokane Public Investment Fund (SPIF).

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 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.

Spokane Regional Health District

Notes to Financial Statements

January 1, 2024 to December 31, 2024

Information regarding the District's leases is presented in Lease Note 12, as applicable.

For the year ended December 31, 2023, the District implemented guidance for the presentation and disclosures of SBITAs (Subscription-Based Information Technology Arrangement), as required in response to the provisions of GASB Statement No. 96. The District 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 SBITAs is presented in the SBITA Note 13, as applicable.

The District is a lessee for non-cancelable leases. The District recognizes lease/SBITA liability and an intangible right-to-use lease asset in the government-wide and proprietary fund financial statements. The District recognizes lease/SBITA liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the District initially measures the lease/SBITA liability at the present value of payments expected to be made during the lease term. Subsequently, the lease/SBITA liability is reduced by the principal portion of payments made. The lease/SBITA asset is initially measured as the initial amount of the liability, adjusted for payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the 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/SBITA. Lease/SBITA payments in governmental funds are reported as debt service principal and debt service interest expenditures.

Key estimates and judgements related 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 SPIF interest earning rate for the month the agreement was signed as the discount rate for leases.
- The lease term includes the non-cancellable 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 remeasurement and will remeasure the asset and liability if certain changes occur that are expected to significantly affect the amount of the liability.

8. Compensated Absences

For the year ended December 31, 2024, the District implemented guidance for the presentation and disclosures of Compensated Absences, as required in response to the provisions of GASB Statement No. 101. The District now reports other payroll expenses on accrued vacation, sick, and comp time; and created an additional current liability for estimated sick leave usage based on 2022, 2023, and 2024 usage assumptions and determined that the average usage is 50 hours per employee per year.

The District restated 2023 Net Position from \$19,440,983 to \$18,777,353 for a total reduction of \$663,630. GASB 101 requires restatement of prior year's net position. This represents the inclusion of other payroll expenses on 2023 accrued vacation, sick and comp time which was \$1,474,715 increased

Spokane Regional Health District
Notes to Financial Statements
January 1, 2024 to December 31, 2024

by \$115,860 for a total of \$1,590,575 to incorporate the other payroll expenses. The new calculation of sick estimated liability for 2023 is \$547,770 for a combined total net position change of \$663,630.

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

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 for represented employees and 280 hours for non-represented employees is payable upon resignation, retirement, or death at employees' current base rate of pay.

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.

Compensation absences (comp time) may be accumulated up to the maximum of 112.5 hours.

The liability for vacation leave on December 31, 2024, is \$1,342,531.

The liability for vested sick leave on December 31, 2024, is \$370,173.

The liability for compensated absences (comp time) on December 31, 2024, is \$29,512.

The liability for estimated sick leave (due within one year) usage on December 31, 2024, is \$593,505.

Compensated absence liabilities are calculated using employee wages as of December 31, 2024, and include other payroll related payments as required by GASB Statement 101, effective December 15, 2023.

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. Other Accrued Liabilities

These accounts consist of accrued wages and accrued employee benefits.

Spokane Regional Health District

Notes to Financial Statements

January 1, 2024 to December 31, 2024

11. Fund Balance Details

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.

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.

12. 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. The committed fund balance on December 31, 2024, 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, Environmental Public Health software upgrade and Treatment Services 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, 2024, is \$4,037,404.

Spokane Regional Health District
Notes to Financial Statements
January 1, 2024 to December 31, 2024

NOTE 2 – ACCOUNTING CHANGES AND ERROR CORRECTIONS

The District has implemented GASB Statement No 100, Accounting Changes and Error Corrections for calendar year December 31, 2024, reporting period. GASB 100 directs how certain Accounting Changes and Error Corrections are to be reported.

The District has implemented GASB Statement No.101, Compensated Absences, for calendar year December 31, 2024, reporting period. GASB 101 impacts the reported paid-time-liability on the Statement of Net Position.

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

Pursuant to GASB Statement No. 100 (Accounting Changes and Error Correction) and 101 (Compensated Absences), the District has changed the way it reports liabilities associated with compensated absences to account for the change in accounting principle. The District made a prior year adjustment restating the 2023 Net Position from \$19,440,983 to \$18,777,353 resulting in a decrease of \$663,630. Before the change, the District reported compensated absences in accordance with GASB 16.

NOTE 3 – 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:

- 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 | 1,531 | 6,528 |
| Leasehold Improvements | 3,795 | 1,021 | 2,774 |
| Machinery & Equipment | 4,149 | 3,572 | 577 |
| Intangible Right-to-Use Lease | 4,579 | 1,352 | 3,227 |
| Intangible Right-to-Use SBITAs | 429 | 295 | 134 |
| Total | <u>\$ 21,412</u> | <u>\$ 7,771</u> | <u>\$ 13,641</u> |

Spokane Regional Health District
Notes to Financial Statements
January 1, 2024 to December 31, 2024

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

| | Amount |
|---------------|-----------------|
| Accrued Leave | \$ 1,742 |
| Total | <u>\$ 1,742</u> |

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 | \$ 363,309 |
| Computer Equipment | - |
| Leasehold Improvements | 626,491 |
| Total | <u>\$ 989,799</u> |

- Disposal of capital assets expensed on fund statements which were capitalized on government-wide statements:

| | Amount |
|------------------------|------------------|
| Operating Equipment | \$ 20,516 |
| Computer Equipment | - |
| Leasehold Improvements | - |
| Total | <u>\$ 20,516</u> |

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

| | Amount |
|-------------------------------|----------------------|
| Administration | \$ 139 |
| Treatment Services | \$ (11) |
| Environmental Public Health | \$ (3) |
| Community Health | \$ 35 |
| Disease Prevention & Response | \$ 37 |
| Total | <u><u>\$ 197</u></u> |

Spokane Regional Health District
Notes to Financial Statements
January 1, 2024 to December 31, 2024

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

| | <u>Amount</u> |
|-------------------------------|---------------|
| Administration | \$ 398 |
| Treatment Services | 31 |
| Environmental Public Health | 1 |
| Community Health | 6 |
| Disease Prevention & Response | <u>-</u> |
| Total | <u>\$ 436</u> |

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

| | <u>Amount</u> |
|-------------------------------|---------------|
| Administration | \$ - |
| Treatment Services | 434 |
| Environmental Public Health | - |
| Community Health | 64 |
| Disease Prevention & Response | <u>-</u> |
| Total | <u>\$ 498</u> |

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

| | <u>Amount</u> |
|-------------------------------|---------------|
| Administration | \$ 170 |
| Treatment Services | - |
| Environmental Public Health | - |
| Community Health | - |
| Disease Prevention & Response | <u>-</u> |
| Total | <u>\$ 170</u> |

NOTE 4 - DEPOSITS AND INVESTMENTS

A. Deposits

Cash on hand on December 31, 2024, was \$19,716,401. The carrying amount of the District's deposits, including certificates of deposit, was \$165,583 and the operating bank balance was \$19,532,503.

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

Spokane Regional Health District

Notes to Financial Statements

January 1, 2024 to December 31, 2024

collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit 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):

As of December 31, 2024, 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 | \$19,543,456 | 1.40 years | 1.48 years |

The Net Asset Value per Share of the Pool as of 12/31/24 is .99215. The amount of cash the District had in the Pool as of 12/31/24 is \$19,698,086.

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, 2024, the Pool's effective duration was 1.40 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 12/31/24 was 1.48 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, 2024, the District's investments in the Pool was 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.

Spokane Regional Health District
Notes to Financial Statements
January 1, 2024 to December 31, 2024

Investments in Spokane County Investment Pool (SCIP):

The District is a participant in the Spokane County Investment Pool, an external investment pool operated by the County Treasurer. 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 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 1.48 years as of December 31, 2024.

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.

The District follows the modified accrual basis of accounting in its treatment of leases and SBITAs. Agreements are evaluated regarding the lease term payments, and discount rates as well as materiality to the District's Financial position. The District's capitalization threshold for recognition of SBITAs is \$5,000. Arrangements that are considered short term or do not meet capitalization thresholds are treated as revenues and expenditures in the current year.

Spokane Regional Health District
Notes to Financial Statements
January 1, 2024 to December 31, 2024

B. Capital and Intangible Asset Activity

Capital and intangible assets activity for the year ending December 31, 2024, was as follows:

| | Beginning Balance 1/1/2024 | Increases | Decreases | Ending Balance 12/31/24 |
|---|----------------------------------|---------------------|--------------------|-------------------------------|
| Governmental Activities | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 400,500 | \$ - | \$ - | \$ 400,500 |
| Total Capital Assets not being depreciated: | \$ 400,500 | \$ - | \$ - | \$ 400,500 |
| Capital assets being depreciated: | | | | |
| Building and Structures | \$ 8,058,500 | \$ - | \$ - | 8,058,500 |
| Intangible Assets | | | | |
| Operating Equipment | 3,089,387 | 363,309 | 20,516 | 3,432,179 |
| Computer Equipment | 711,939 | - | - | 711,939 |
| Vehicles | 4,935 | - | - | 4,935 |
| Leasehold Improvements | 3,168,511 | 626,490 | - | 3,795,001 |
| Right-to-use Lease Assets | 4,573,972 | 96,986 | - | 4,670,958 |
| Right-to-use Subscription Asset | 364,830 | 63,899 | | 428,729 |
| Total Capital Assets being depreciated: | \$ 19,972,073 | \$ 1,150,683 | \$ 20,516 | \$ 21,102,241 |
| Less Accumulated Depreciation/Amortization: | | | | |
| Building and Structures | \$ 1,369,945 | \$ 161,170 | \$ - | 1,531,115 |
| Intangible Assets | | | | |
| Operating Equipment | 2,808,782 | 126,040 | (20,516) | 2,914,306 |
| Computer Equipment | 605,570 | 47,281 | - | 652,851 |
| Vehicles | 4,935 | - | - | 4,935 |
| Leasehold Improvements | 919,422 | 101,988 | - | 1,021,410 |
| Right-to-use Lease Assets | 946,186 | 497,772 | - | 1,443,958 |
| Right-to-use Subscription Asset | 125,085 | 170,190 | - | 295,275 |
| Total Accumulated Depreciation/Amortization: | \$ 6,779,924 | \$ 1,104,441 | \$ (20,516) | \$ 7,863,849 |
| Total Capital Assets: | \$ 13,592,649 | \$ 46,242 | \$ - | \$ 13,638,891 |

Spokane Regional Health District
Notes to Financial Statements
January 1, 2024 to December 31, 2024

C. Depreciation

Depreciation expensed on capital assets was charged to functions/programs of the primary government as follows:

| <u>Governmental Activities:</u> | <u>Amount</u> |
|---------------------------------|-------------------|
| Administration | \$ 398,103 |
| Treatment Services | 30,907 |
| Environmental Public Health | 1,683 |
| Community Health | 5,786 |
| Disease Prevention & Response | - |
| Total | <u>\$ 436,479</u> |

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

| <u>Governmental Activities:</u> | <u>Amount</u> |
|---------------------------------|-------------------|
| Administration | \$ - |
| Treatment Services | 433,956 |
| Environmental Public Health | - |
| Community Health | 63,816 |
| Disease Prevention & Response | - |
| Total | <u>\$ 497,772</u> |

Depreciation expensed on SBITAs was charged to functions/programs of the primary government as follows:

| <u>Governmental Activities:</u> | <u>Amount</u> |
|---------------------------------|-------------------|
| Administration | \$ 170,190 |
| Treatment Services | - |
| Environmental Public Health | - |
| Community Health | - |
| Disease Prevention & Response | - |
| Total | <u>\$ 170,190</u> |

Spokane Regional Health District
Notes to Financial Statements
January 1, 2024 to December 31, 2024

NOTE 6 – PENSIONS – STATE SPONSORED (DRS) PLANS

The following table represents the aggregate pension amounts for all plans for the year 2024:

| Aggregate Pension Amounts – All Plans | |
|---------------------------------------|----------------|
| Pension Liabilities | \$ (1,755,818) |
| Pension Assets | \$ 4,180,912 |
| Deferred Outflows of Resources | \$ 6,083,630 |
| Deferred Inflows of Resources | \$ (1,663,207) |
| Pension Expense/Expenditures | \$ (97,140) |

State Sponsored Pension Plans

Substantially all District's full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan.

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

Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of local governments; and higher education employees not participating in higher education retirement programs.

PERS is composed of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3 and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although employees can be a member of only Plan 2 or Plan 3, the defined benefits of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of Plan 2/3 may legally be used to pay the defined benefits of any Plan 2 or Plan 3 members or beneficiaries.

PERS Plan 1 provides retirement, disability, and death benefits. Retirement benefits are determined as 2% of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the members' 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. PERS Plan 1 retirement benefits are actuarially reduced if a survivor benefit is chosen. Members retiring from active status prior to the age of 65 may also receive actuarially reduced benefits. Other benefits include optional cost-of-living adjustment (COLA). 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.

PERS Plan 2/3 provides retirement, disability, and death benefits. Retirement benefits are determined as 2% of the member's AFC times the member's years of service for Plan 2 and 1% of AFC for Plan 3. The

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AFC is the average of the member's 60 highest-paid consecutive service months. 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 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 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 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other PERS Plan 2/3 benefits include a COLA based on the CPI, capped at 3% annually. 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. Members are eligible to withdraw their defined contributions upon separation. Members have multiple withdrawal options, including purchase of an annuity. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

PERS Contributions

The PERS Plan 1 member contribution rate is established by State statute at 6%. The PERS 1 employer and PERS 2/3 employer and employee contribution rates are developed by the Office of the State Actuary, adopted by the Pension Funding Council and subject to change by the legislature. The PERS **Plan 2/3** employer rate includes a component to address the PERS Plan 1 Unfunded Actual Accrued Liability (UAAL).

As established by Chapter 41.34 RCW, Plan 3 defined contribution rates are set at a minimum of 5% and a maximum of 15%. PERS Plan 3 members choose their contribution rate from six options when joining membership and can change rates only when changing employers. Employers do not contribute to the defined contribution benefits.

The PERS Plans defined benefit required contribution rates (expressed as a percentage of covered payroll) for the fiscal year were as follows:

| Employer Contribution Rates | | | | |
|-----------------------------|--------------------|--------------|------------|-----------------|
| Timeframe: | Contribution Rate: | PERS 1 UAAL: | Admin Fee: | Total Employer: |
| January – June | 6.36% | 2.97% | 0.20% | 9.53% |
| July - August | 6.36% | 2.47% | 0.20% | 9.03% |
| September - December | 6.36% | 2.55% | 0.20% | 9.11% |

| Plan | Employee Contribution Rate |
|--------|----------------------------|
| PERS 1 | 6.00% |
| PERS 2 | 6.36% |
| PERS 3 | Varies: 5% - 15% |

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The District's actual PERS plan contributions were \$563,017 to PERS Plan 1 and \$1,284,204 to PERS Plan 2/3 for the year ended December 31, 2024.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2024 with a valuation date of June 30, 2023. 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 2023 Economic Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2023 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2024. Plan liabilities were rolled forward from June 30, 2023, to June 30, 2024, 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 service-based salary increase.
- **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. 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, 2022, Actuarial Valuation Report (AVR). OSA adjusted their methods for calculating UAAL Contribution rates in PERS 1 to reflect the delay between the measurement date of calculated Plan 1 rates and when the rates are collected. OSA made an adjustment to their model to reflect past inflation experience when modeling future COLAs for current annuitants in all plans except PERS 1.

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 (CMAs) 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.

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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, 2024. The inflation component used to create the table is 2.5% 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 | 19% | 2.1% |
| Tangible Assets | 8% | 4.5% |
| Real Estate | 18% | 4.8% |
| Global Equity | 30% | 5.6% |
| Private Equity | 25% | 8.6% |
| | 100% | |

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 | \$ 2,582,764 | \$ 1,755,818 | \$ 1,030,566 |
| PERS 2/3 | \$ 7,536,891 | \$ (4,180,912) | \$ (13,804,499) |

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, 2024, the District reported its proportionate share of the net pension liabilities as follows:

| Pension Plan | Liability or (Asset) |
|--------------|----------------------|
| PERS 1 | \$ 1,755,818 |
| PERS 2/3 | \$ (4,180,912) |

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At June 30, 2024, the District's proportionate share of the collective net pension liabilities was as follows:

| Pension Plan | Proportionate Share 6/30/23 | Proportionate Share 6/30/24 | Change in Proportion |
|--------------|-----------------------------|-----------------------------|----------------------|
| PERS 1 | 0.100111 % | 0.098817 % | - 0.001294 % |
| PERS 2/3 | 0.128011 % | 0.126826 % | - 0.001185 % |

Employer contribution transmittals received and processed by DRS for the fiscal year ended June 30, 2024, 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 2024. 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.

In fiscal year 2024, 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, 2024, the District recognized pension expense as follows:

| Pension Plan | Pension Expense |
|--------------|-----------------|
| PERS 1 | \$ (55,201) |
| PERS 2/3 | \$ (41,939) |
| TOTAL | \$ (97,140) |

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January 1, 2024 to December 31, 2024

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

| 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 | | \$ (140,496) |
| Changes of assumptions | | |
| Changes in proportion and differences between contributions and proportionate share of contributions | | |
| Contributions subsequent to the measurement date | \$ 263,251 | |
| TOTAL | \$ 263,251 | \$ (140,496) |

| PERS 2/3 | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$ 2,375,683 | \$ (9,680) |
| Net difference between projected and actual investment earnings on pension plan investments | | \$ (1,198,130) |
| Changes of assumptions | \$ 2,308,707 | \$ (264,902) |
| Changes in proportion and differences between contributions and proportionate share of contributions | \$ 487,630 | \$ (49,999) |
| Contributions subsequent to the measurement date | \$ 648,358 | |
| TOTAL | \$ 5,820,379 | \$ (1,522,711) |

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, 2025. 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 |
|------------------------------------|---------------|
| 2025 | \$ (232,511) |
| 2026 | \$ 119,453 |
| 2027 | \$ (12,648) |
| 2028 | \$ (14,790) |
| Thereafter | \$ |

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| Year ended December 31: | PERS 2/3 |
|------------------------------------|-----------------|
| 2025 | \$ (783,651) |
| 2026 | \$ 1,919,222 |
| 2027 | \$ 890,575 |
| 2028 | \$ 852,959 |
| 2029 | \$ 436,561 |
| Thereafter | \$ 333,643 |

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of Statement No. 75 of the Governmental Accounting Standards Board (GASB) Accounting and Financial Reporting for Postemployment Benefits Other Than Pension for the year 2024:

| Aggregate OPEB Amounts - All Plans | |
|---|--------------|
| OPEB Liabilities | \$ 5,380,866 |
| OPEB Assets | - |
| Deferred Outflows of Resources | 1,176,808 |
| Deferred Inflows of Resources | (6,572,184) |
| OPEB Expense/Expenditures | (152,540) |

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.

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.

Spokane Regional Health District

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January 1, 2024 to December 31, 2024

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.

Employees Covered by benefit terms

At December 31, 2024 (the census date), the benefit terms covered the following employees:

| <u>Category</u> | |
|---|------------|
| Inactive employees, spouses, or beneficiaries currently receiving benefit payments: | 46 |
| Inactive employees entitled to but not yet receiving benefit payments: | 0 |
| Active employees: | 226 |
| Total | 272 |

Spokane Regional Health District

Notes to Financial Statements

January 1, 2024 to December 31, 2024

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 that is available to the public.

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 \$111,972 including explicit and implicit subsidy credit.

Net OPEB Liability

The District's total OPEB liability was valued as of December 31, 2024, and was used to calculate the net liability measured as of December 31, 2024.

Actuarial Assumptions

The total OPEB liability on December 31, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| Measurement Date | December 31, 2023 | December 31, 2024 |
|-----------------------------|---------------------|-------------------|
| Discount Rate | 3.77% | 4.10% |
| Inflation | 2.75% | 2.75% |
| Healthcare Cost Trend Rates | | |
| Pre-Medicare | 6.80% | 7.90% * |
| Medicare | 4.17% | 4.90% * |
| Salary Increases | 3.25% | 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.
- 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 4.10%. 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 4.04% over 50 years. Applies to calendar years.

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

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Notes to Financial Statements
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| <u>Changes in the Total OPEB Liability</u> | <i>Increase/Decrease</i> |
|--|----------------------------|
| | <u>Total OPEB</u> |
| | <u>Liability</u> |
| Balance as of Report Date December 31, 2023 | \$ 5,492,887 |
| <u>Changes for the year:</u> | |
| Service Cost | 414,008 |
| Interest | 220,579 |
| Changes of Benefit Terms | - |
| Difference Between Expected and Actual Experience | (461,942) |
| Changes of Assumptions | (172,694) |
| Explicit Subsidy Credit | (89,341) |
| Implicit Subsidy Credit | (22,631) |
| Other Miscellaneous Income / (Expense) | - |
| Net Changes | <u>(112,021)</u> |
| Balance as of Report Date December 31, 2024 | <u>\$ 5,380,866</u> |

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 (3.10%) or one percentage point higher (5.10%) follows:

| | 1% Decrease 3.10% | Discount Rate 4.10% | 1% Increase 5.10% |
|------------------------------|----------------------|------------------------|----------------------|
| Total OPEB Liability (Asset) | \$ 6,325,661 | \$ 5,380,866 | \$ 4,621,647 |
| Increase (Decrease) | 944,795 | | (759,219) |
| % Change | 17.6% | | -14.1% |

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The healthcare trend for this valuation started at 7.90% and decreased to 4.04% over 50 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 (6.90%) or one percentage point higher (8.90%) than current healthcare cost trend rates follows:

| | 1% Decrease 6.90% | Discount Rate 7.90% | 1% Increase 8.90% |
|------------------------------|----------------------|------------------------|----------------------|
| Total OPEB Liability (Asset) | \$ 4,515,968 | \$ 5,380,866 | \$ 6,504,469 |
| Increase (Decrease) | (864,898) | | 1,123,603 |
| % Change | -16.1% | | 20.9% |

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

For the year ended December 31, 2024, the District recognized an OPEB expense of (\$152,540). 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 |
|---|-----------------------------------|----------------------------------|
| Difference Between Actual and Expected Experience | \$ 147,341 | \$ (2,530,296) |
| Changes of Assumptions | 1,029,467 | (4,041,888) |
| Total | \$ 1,176,808 | \$ (6,572,184) |

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 |
|---------------------------------|--------------|
| 2025 | \$ (787,127) |
| 2026 | (787,127) |
| 2027 | (697,776) |
| 2028 | (830,935) |
| 2029 | (870,521) |
| Remaining | (1,421,890) |

Current Liability

| | Amount |
|-----------------------------|---------------------|
| Current OPEB Liability | \$ 127,122 |
| Non-Current OPEB Liability | 5,253,744 |
| Total OPEB Liability | \$ 5,380,866 |

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 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: 10.1 years

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NOTE 8 – CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2024, the following changes occurred in long-term liabilities:

| | Beginning Balance | Additions | Reductions | Ending Balance |
|------------------------------------|--------------------------|-------------------|-----------------------|-----------------------|
| Pension Liability | \$ 2,285,266 | \$ - | \$ (529,448) | \$ 1,755,818 |
| Net OPEB Obligation | 5,382,987 | - | (129,243) | 5,253,744 |
| Leases | 3,552,446 | 50,498 | (396,425) | 3,206,519 |
| SBITAs | 125,236 | - | (125,236) | - |
| Compensated Absences | 1,474,715 | 267,501 | - | 1,742,216 |
| Total Long Term Liabilities | \$ 12,820,650 | \$ 317,999 | \$ (1,180,352) | \$ 11,958,297 |
| | | | | |

The \$267,501 increase in compensated absences reflects the change from 2023 to 2024 and all related other payroll expenses for 2023 and 2024.

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 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, 2024, there were 507 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 and reported coverage form. Crime coverage is provided on a discovery form. All other coverage is provided on an occurrence coverage form.

Members are responsible for 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 some instances, the Pool may allow members to elect to participate in the programs at limits, coverage, deductibles, and co-pays specific to their needs. Enduris is responsible for payment of all covered losses above the member deductible or copay 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.

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| 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 |
| 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⁾ |
| Property ⁽⁴⁾: | | | | |
| Buildings and Contents | Per Occurrence | \$500,000 | \$1 billion | \$1,000 - \$250,000 |
| Mobile Equipment | Per Occurrence | \$500,000 | \$1 billion | \$1,000 - \$250,000 |
| Boiler and Machinery | Per Occurrence | \$500,000 | \$100 million | \$1,000 - \$250,000 |
| Business Interruption (BI)/ Extra Expense (EE) ⁽⁵⁾ | Per Occurrence | \$500,000 | \$100 million (BI)/ \$50 million (EE) | \$1,000 - \$250,000 |
| Sublimit ⁽⁶⁾: | | | | |
| Flood | Per Occurrence | \$500,000 | \$50 million (shared by Pool members) | \$1,000 - \$250,000 |
| Earthquake | Per Occurrence | 5% of indemnity, subject to a \$500,000 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 ⁽⁷⁾ | Per Occurrence | \$500,000 with exceptions | \$1 billion | \$250 - \$1,000 |
| Cyber ⁽⁸⁾ | Each Claim APIP Aggregate | \$50,000 to \$100,000 with waiting period | \$2 million \$45 million | 20% Copay |
| Pollution ⁽⁹⁾ | Each Claim APIP Aggregate | \$250,000 with exceptions | \$2 million \$25 million | \$1,000 - \$250,000 |
| Crime Blanket ⁽¹⁰⁾ | Per Occurrence | \$50,000 | \$1 million | \$1,000 |
| Named Position ⁽¹¹⁾ | Per Occurrence | \$50,000 | \$1 million | \$1,000 |
| Identity Fraud Expense Reimbursement ⁽¹²⁾ | Member Aggregate | \$0 | \$25,000 | \$0 |

Spokane Regional Health District Notes to Financial Statements January 1, 2024 to December 31, 2024

- (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 are responsible for a 20% co-pay for Employment Practices Liability coverage claim costs. However, the co-pay may be waived if they meet established guidelines.
- (4) 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 \$500,000 to the limit of \$1 billion, except for certain types of sub-limited property losses such as floods, earthquakes, and terrorism.
- (5) Business Interruption(BI)/Extra Expense (EE) coverage is based on scheduled revenue-generating locations/operations. A limited number of members are scheduled; 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.
- (6) This Property Program 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.
- (7) Auto Physical Damage coverage includes comprehensive, collision, and additional coverage (i.e., rental reimbursement, towing, and personal property). Each member's coverage is based on a detailed vehicle schedule. The Pool's Auto Physical Damage coverage deductible is \$500,000 per occurrence with certain exceptions: \$25,000 for on-premises comprehensive and collision; a \$100,000 minimum for emergency vehicles and all other vehicles with an RCV of \$250,000 to \$750,000; \$250,000 for all vehicles with an RCV above \$750,000.
- (8) Cyber coverage is included under the Pool's Property program on an optional basis. 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.
- (9) Pollution coverage is included under the Pool's Property program on an optional basis. Members are subject to a 20% co-pay per loss. The Pool's SIR is \$250,000, with certain specific deductibles ranging from \$250,000 to \$1 million. The reinsurance maximum limit of liability is \$2 million, with various declared sub-limits.
- (10) Each member is provided with \$2,500 of Crime Blanket coverage (also referred to as "Employee Dishonesty Coverage with Faithful Performance"). Members may elect to "buy up" the coverage from \$2,500 to \$1 million.
- (11) 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.
- (12) Enduris purchases Identity Fraud Expense Reimbursement coverage. Member claims are not subject to a deductible; the limit is \$25,000 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 above the insurance coverage in any of the last three policy years.

Upon joining the Pool, members are contractually obligated to remain for at least 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. Any Member terminated or withdrawing from the Pool shall be liable pro-rata for any assessments levied against Members for any year in which that Member belonged to the Pool as if they were still a Member.

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

The seven-member Board of Directors governs the Pool. The Pool's members elect the Board, and the positions are filled on a rotating basis. The Board meets quarterly, oversees Enduris' business affairs, and provides policy direction to the Pool's Executive Director.

Spokane Regional Health District
Notes to Financial Statements
January 1, 2024 to December 31, 2024

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.

NOTE 11 - RECEIVABLE AND PAYABLE BALANCES

A. Receivables

Receivables on December 31, 2024, were as follows:

| | Amount |
|----------------------------|---------------------|
| Client Service Accounts | \$ 81,398 |
| Other Accounts | 239,040 |
| Due From Other Governments | 8,090,121 |
| Total | <u>\$ 8,410,559</u> |

B. Payables

Payables on December 31, 2024, were as follows:

| | Amount |
|--------------------------|---------------------|
| Vendors | \$ 2,901,327 |
| Salaries & Benefits | 1,303,223 |
| Due to Other Governments | 224,973 |
| Total | <u>\$ 4,429,523</u> |

NOTE 12 – LEASES (LESSEES)

The District is committed under various leases for a total of \$3,634,171 beyond December 31, 2024.

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 occupied this location in December 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 4/1/22 terminating on 3/31/2032.

Spokane Regional Health District
Notes to Financial Statements
January 1, 2024 to December 31, 2024

As of December 31, 2024, the principal and interest requirements to maturity are as follows:

| <u>Year ended December 31</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------------------------|------------------|-----------------|--------------|
| 2025 | \$ 396,425 | \$ 50,257 | \$ 446,682 |
| 2026 | \$ 424,859 | \$ 44,158 | \$ 469,017 |
| 2027 - 2031 | \$ 2,607,939 | \$ 113,255 | \$ 2,721,194 |
| 2032 - 2036 | \$ 123,224 | \$ 272 | \$ 123,496 |
| Total | \$ 3,552,447 | \$ 207,942 | \$ 3,760,389 |

First Pacific Properties (Lidgerwood #224)

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). This lease terminated on 12/31/2024.

Arthur Street

The District entered into a lease arrangement on July 1, 2024, with Kiemle Hagood. The address of the location is 140 S. Arthur St, Suite 508, Spokane, WA. The District's Women, Infant & Children (WIC) Program occupied this location to serve WIC clients in Spokane, WA. The monthly lease payments during year 1 are \$2,737.00, year 2 \$2,819.00 and year 3 \$2,904.00. The lease will terminate on 6/30/2027.

As of December 31, 2024, the principal and interest requirements to maturity are as follows:

| <u>Year ended December 31</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------------------------|------------------|-----------------|--------------|
| 2025 | \$ 31,226 | \$ 2,110 | \$ 33,336 |
| 2026 | \$ 33,231 | \$ 1,107 | \$ 34,338 |
| 2027 | \$ 17,267 | \$ 157 | \$ 17,424 |
| Total | \$ 81,724 | \$ 3,374 | \$ 85,098 |

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

| | <u>Beginning Balance 1/01/24</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance 12/31/24</u> |
|--|--|------------------|------------------|--|
| Lease Asset: | | | | |
| 312 West 8th Avenue | \$ 3,580,134 | \$ - | \$ 433,956 | \$ 3,146,178 |
| First Pacific Properties (Lidgerwood #224) | 47,652 | - | 47,652 | - |
| Arthur Street | - | 96,986 | 16,164 | \$ 80,821 |
| Total Leased Assets | 3,627,786 | 96,986 | 497,772 | 3,227,000 |

Spokane Regional Health District
Notes to Financial Statements
January 1, 2024 to December 31, 2024

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

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

NOTE 13 – SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

The District is committed under one SBITA for a total of \$143,039 beyond December 31, 2024.

SBITA assets for governmental activities:

Governmentjobs.com, Inc. (dba NEOGOV), 2120 Park Pl, Suite 100, El Segundo, CA 90245

The District entered into a SBITA arrangement on December 1, 2022, with NeoGov, a Human Resources Management Suite for the public sector. The District's Human Resources Department anticipated to go live with this technology in Fall of 2024. The termination date of the SBITA is November 30, 2025. The annual rate is the Spokane County Investment Pool (SCIP) rate, 1.9572% (published at spokanecounty.org) at the commencement date of 12/01/22. The 2024 principal payment was \$103,191.

As of December 31, 2024, 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> |
|---|-------------------|-----------------|-------------------|
| 2025 | <u>\$ 125,236</u> | <u>\$ 2,451</u> | <u>\$ 127,687</u> |
| Total | <u>\$ 125,236</u> | <u>\$ 2,451</u> | <u>\$ 127,687</u> |

PayScale, 113 Cherry Street, Suite 96140, Seattle, WA 98104

The District entered into a SBITA arrangement on January 1, 2023 with PayScale, a Human Resources compensation software and data company to help the District manage employee compensation. The termination date of the SBITA is June 30, 2025. The annual rate is the Spokane County Investment Pool (SCIP) rate, published at spokanecounty.org at the commencement date. This SBITA was not included in the SBITA lease schedule in 2023 since it was below the threshold of \$50,000. The initial contract was for \$47,612 and was increased in 2024 to \$63,899. During the 2023 Audit our threshold was lowered to \$5,000 to match our capital assets threshold. The 2023 principal payment was \$20,657 and 2024 principal payment was \$25,439 for a combined \$46,096 total.

As of December 31, 2024, 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> |
|---|------------------|-----------------|------------------|
| 2025 | <u>\$ 17,804</u> | <u>\$ 348</u> | <u>\$ 18,152</u> |
| Total | <u>\$ 17,804</u> | <u>\$ 348</u> | <u>\$ 18,152</u> |

Spokane Regional Health District
Notes to Financial Statements
January 1, 2024 to December 31, 2024

The table below represents the total amount of SBITA assets disclosed separately from other capital assets:

| | Beginning Balance | | | Ending Balance |
|---------------------|------------------------------|------------------|------------------|---------------------------|
| | 1/01/24 | Increases | Decreases | 12/31/24 |
| SBITA Asset: | | | | |
| NeoGov | \$ 239,745 | \$ - | \$ 125,085 | \$ 114,660 |
| PayScale | - | 63,899 | 45,105 | \$ 18,794 |
| Total Leased Assets | <u>239,745</u> | <u>63,899</u> | <u>170,190</u> | <u>133,454</u> |

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

NOTE 14 – REQUIRED DISCLOSURES ABOUT CAPITAL ASSETS

The District's capital assets are insured in the amount of \$20,092,382 for fiscal year 2024. In the opinion of the District's insurance consultant, the amount is sufficient to adequately fund replacement of the District's assets.

NOTE 15 – 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's response to COVID-19 in our community has declined. The District's federal funding through Washington State Department of Health is scheduled to end June 2025.

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, 2024

| | BUDGETED AMOUNTS | | ACTUAL AMOUNT | FINAL BUDGET POSITIVE (NEGATIVE) |
|--|-------------------|-------------------|-------------------|--|
| | ORIGINAL | FINAL | | |
| REVENUES | | | | |
| Licenses and Permits | 2,745,270 | 2,745,270 | 2,575,999 | (169,272) |
| Federal Grants | 7,195,580 | 7,195,580 | 7,998,304 | 802,724 |
| State Grants | 20,075,847 | 20,075,847 | 21,042,578 | 966,731 |
| Intergovernmental Revenues | 8,813,318 | 8,813,318 | 9,588,602 | 775,284 |
| Interlocal Grants, Entitlements, Impact Payments | 2,599,845 | 2,599,845 | 2,528,414 | (71,431) |
| Charges For Goods And Services | 11,747,513 | 11,747,513 | 11,123,838 | (623,675) |
| Miscellaneous | 372,899 | 372,899 | 576,345 | 203,445 |
| Assigned Fund Balance Usage | 1,060,991 | 1,578,546 | - | (1,578,546) |
| Total Revenues | 54,611,263 | 55,128,818 | 55,434,078 | 305,260 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Administration | 4,252,977 | 4,602,977 | 4,178,490 | (424,486) |
| Treatment Services | 9,921,800 | 9,921,800 | 8,472,143 | (1,449,657) |
| Environmental Public Health | 5,585,769 | 5,585,769 | 5,244,200 | (341,569) |
| Community Health | 26,935,481 | 26,935,481 | 27,688,139 | 752,659 |
| Disease Prevention and Response | 6,723,238 | 6,890,793 | 6,591,131 | (299,662) |
| Capital Outlay | 1,192,000 | 1,192,000 | 989,799 | (202,201) |
| Total Expenditures | 54,611,263 | 55,128,818 | 53,163,902 | (1,964,916) |
| Excess (Deficiency) of Revenues over Expenditures | 0 | 0 | 2,270,176 | 2,270,176 |
| Net Change in Fund Balance | 0 | 0 | 2,270,176 | 2,270,176 |
| Fund Balance - Beginning | 3,969,560 | 3,969,560 | 17,660,909 | 13,691,349 |
| Fund Balance - Ending | 3,969,560 | 3,969,560 | 19,931,085 | 15,961,525 |

REQUIRED SUPPLEMENTARY INFORMATION
Spokane Regional Health District
Schedule of the District's Proportionate Share of the Net Pension Liability
As of June 30, 2024
Last 10 Fiscal Years

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|------|-------------|----------------|----------------|-----------------|---------------|---------------|---------------|---------------|---------------|
| PERS 1 | | | | | | | | | | |
| SRHD's Proportion of the Net Pension Liability | | .098817% | .100111% | .106556% | .112058% | .100764% | .106769% | .100046% | .09719% | .100439% |
| SRHD's Proportionate Share of the Net Pension Liability | \$ | 1,755,818 | \$ 2,285,266 | \$ 2,966,910 | \$ 1,368,490 | \$ 3,557,513 | \$ 4,105,647 | \$ 4,468,088 | \$ 4,611,741 | \$ 5,393,725 |
| SRHD's Covered-Employee Payroll | \$ | 20,141,647 | \$ 18,278,721 | \$ 16,893,087 | \$ 17,722,899 | \$ 15,266,284 | \$ 14,460,450 | \$ 13,129,762 | \$ 11,979,286 | \$ 11,671,666 |
| SRHD's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | | 8.72% | 12.50% | 17.56% | 7.72% | 23.30% | 28.39% | 34.03% | 38.50% | 46.21% |
| Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability | | 84.05% | 80.16% | 76.56% | 88.74% | 68.64% | 67.12% | 63.22% | 61.24% | 57.03% |
| PERS 2/3 | | | | | | | | | | |
| SRHD's Proportion of the Net Pension Liability | | .126826% | .128011% | .137818% | .142844% | .128456% | .13452% | .124425% | .118806% | .122157% |
| SRHD's Proportionate Share of the Net Pension Liability | \$ | (4,180,912) | \$ (5,246,765) | \$ (5,111,368) | \$ (14,229,561) | \$ 1,642,879 | \$ 1,306,647 | \$ 2,124,446 | \$ 4,127,941 | \$ 6,150,508 |
| SRHD's Covered-Employee Payroll | \$ | 20,141,647 | \$ 18,278,721 | \$ 16,893,087 | \$ 17,722,899 | \$ 15,266,284 | \$ 14,460,450 | \$ 13,129,762 | \$ 11,979,286 | \$ 11,671,666 |
| SRHD's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | | -20.76% | -28.70% | -30.26% | -80.29% | 10.76% | 9.04% | 16.18% | 34.46% | 52.70% |
| Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability | | 105.17% | 107.02% | 106.73% | 120.29% | 97.22% | 97.77% | 95.77% | 90.97% | 85.82% |
| | | | | | | | | | | 89.20% |

REQUIRED SUPPLEMENTARY INFORMATION

Spokane Regional Health District Schedule of District Contributions For the year ended December 31, 2024 Last 10 Fiscal Years

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|------------|------------|
| PERS 1 | | | | | | | | | | |
| Actuarially/statutorily/contractually determined contribution | | | | | | | | | | |
| Actual contribution in relation to the above | \$ 563,017 | \$ 650,215 | \$ 635,076 | \$ 785,351 | \$ 757,754 | \$ 736,907 | \$ 711,409 | \$ 623,952 | \$ 574,477 | \$ 516,937 |
| Contribution deficiency (excess) | \$ 563,017 | \$ 650,215 | \$ 635,076 | \$ 785,351 | \$ 757,754 | \$ 736,907 | \$ 711,409 | \$ 623,952 | \$ 574,477 | \$ 516,937 |
| Covered employee payroll | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contributions as a % of covered-employee payroll | 2.87% | 3.43% | 3.76% | 4.35% | 4.82% | 5.07% | 5.02% | 4.99% | 4.92% | 4.50% |
| PERS 2/3 | | | | | | | | | | |
| Actuarially/statutorily/contractually determined contribution | | | | | | | | | | |
| Actual contribution in relation to the above | \$ 1,284,204 | \$ 1,199,694 | \$ 1,067,474 | \$ 1,294,416 | \$ 1,236,890 | \$ 1,142,782 | \$ 1,053,547 | \$ 858,653 | \$ 730,267 | \$ 655,235 |
| Contribution deficiency (excess) | \$ 1,284,204 | \$ 1,199,694 | \$ 1,067,474 | \$ 1,294,416 | \$ 1,236,890 | \$ 1,142,782 | \$ 1,053,547 | \$ 858,653 | \$ 730,267 | \$ 655,235 |
| Covered employee payroll | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contributions as a % of covered-employee payroll | 6.56% | 6.34% | 6.32% | 7.17% | 7.87% | 7.85% | 7.44% | 6.87% | 6.26% | 5.70% |

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, 2024
Last 10 Fiscal Years*

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|------------------|------------------|------------------|-------------------|------------------|-------------------|------------------|------------------|
| Total OPEB liability - beginning | \$ 5,492,887 | \$ 4,771,536 | \$ 10,955,077 | \$ 9,685,343 | \$ 10,001,663 | \$ 7,423,452 | \$ 7,775,234 | \$ 7,127,289 |
| Service cost | 414,008 | 373,886 | 887,500 | 818,798 | 744,449 | 537,238 | 520,084 | 732,023 |
| Interest | 220,579 | 206,422 | 216,895 | 209,096 | 294,284 | 293,968 | 268,351 | - |
| Changes in benefit terms | - | - | - | - | - | - | - | - |
| Differences between expected and actual experience | (461,942) | - | (3,063,537) | - | 241,922 | - | 99,714 | - |
| Changes of assumptions | (172,694) | 238,198 | (4,114,833) | 340,500 | (1,507,286) | 1,821,073 | (1,155,852) | - |
| Explicit Subsidy Credit | (89,341) | (77,191) | (96,094) | (84,094) | (83,243) | (64,751) | (74,736) | (84,078) |
| Implicit Subsidy Credit | (22,631) | (19,964) | (13,472) | (14,566) | (6,446) | (9,317) | (9,343) | - |
| Other changes | - | - | - | - | - | - | - | - |
| Net change in total OPEB liability | (112,021) | 721,351 | (6,183,541) | 1,269,734 | (316,320) | 2,578,211 | (351,782) | 647,945 |
| Total OPEB liability - ending | <u>5,380,866</u> | <u>5,492,887</u> | <u>4,771,536</u> | <u>10,955,077</u> | <u>9,685,343</u> | <u>10,001,663</u> | <u>7,423,452</u> | <u>7,775,234</u> |
| Covered-employees payroll** | 18,324,453 | 17,757,701 | 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 | 29.36% | 30.93% | 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, 2024

| 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 | 2,642,804 | - | 2,642,804 | - | |
| FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via Washington State Department of Health) | WIC Farmers' Market Nutrition Program (FMNP) | 10.572 | CLH31028 | 2,152 | - | 2,152 | - | |
| 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 | 133,806 | - | 133,806 | - | |
| DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Spokane County) | COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS | 21.027 | 22AR1054 | 626,491 | - | 626,491 | - | |
| 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 | 24-1108-05 | 706,874 | - | 706,874 | 142,656 | |

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, 2024

| Federal Agency (Pass-Through Agency) | Federal Program | ALN Number | Other Award Number | Expenditures | | | Passed through to Subrecipients | Note |
|---|---|---------------|-----------------------|---------------------------------|-----------------------|----------------|---------------------------------------|------|
| | | | | From Pass- Through Awards | From Direct Awards | Total | | |
| CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health) | COVID 19 - Public Health Emergency Preparedness | 93.069 | CLH31028 | 8,665 | - | 8,665 | - | |
| 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 | 412,831 | - | 412,831 | - | |
| Total ALN 93.069: | | | | 421,496 | - | 421,496 | - | |
| HEALTH RESOURCES AND SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health) | Maternal and Child Health Federal Consolidated Programs | 93.110 | CLH31028 | 6,500 | - | 6,500 | - | |
| 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 | 30,905 | - | 30,905 | - | |

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, 2024

| 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) | Injury Prevention and Control Research and State and Community Based Programs | 93.136 | CLH31028 | 65,614 | - | 65,614 | - | |
| 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 | 312,485 | - | 312,485 | 27,014 | |
| CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health) | Immunization Cooperative Agreements | 93.268 | CLH31028 | 138,404 | - | 138,404 | - | |
| CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health) | Immunization Cooperative Agreements | 93.268 | CLH31028 | 73,240 | - | 73,240 | - | 3 |
| Total ALN 93.268: | | | | 524,129 | - | 524,129 | 27,014 | |
| CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health) | Emerging Infections Programs | 93.317 | CLH31028 | 28,752 | - | 28,752 | - | |

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, 2024

| Federal Agency (Pass-Through Agency) | Federal Program | ALN Number | Other Award Number | Expenditures | | | Passed through to Subrecipients | Note |
|---|--|---------------|-----------------------|---------------------------------|-----------------------|----------------|---------------------------------------|------|
| | | | | From Pass- Through Awards | From Direct Awards | Total | | |
| CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health) | COVID 19 - Emerging Infections Programs | 93.317 | CLH31028 | 49,407 | - | 49,407 | - | |
| | | | | 78,159 | - | 78,159 | - | |
| 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 | 24,948 | - | 24,948 | 6,717 | |
| | | | | 148,460 | - | 148,460 | - | |
| CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health) | Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response | 93.354 | CLH31028 | 254,221 | - | 254,221 | - | |
| | | | | 173,408 | - | 173,408 | 6,717 | |

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, 2024

| Federal Agency (Pass-Through Agency) | Federal Program | ALN Number | Other Award Number | Expenditures | | | Passed through to Subrecipients | Note |
|--|---|---------------|-----------------------|---------------------------------|-----------------------|----------------|---------------------------------------|------|
| | | | | From Pass- Through Awards | From Direct Awards | Total | | |
| ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health) | Refugee and Entrant Assistance State/Replacement Designee Administered Programs | 93.566 | CLH31028 | 21,190 | - | 21,190 | - | |
| Medicaid Cluster | | | | | | | | |
| CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Health Care Authority) | Grants to States for Medicaid | 93.778 | K4660-01 | 361,868 | - | 361,868 | - | |
| CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Health Care Authority) | Grants to States for Medicaid | 93.778 | K7482 | 43,972 | - | 43,972 | - | |
| Total Medicaid Cluster: | | | | 405,840 | - | 405,840 | - | |
| 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 | 24-1174-02 | 751,857 | - | 751,857 | - | |

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, 2024

| Federal Agency (Pass-Through Agency) | Federal Program | ALN Number | Other Award Number | Expenditures | | | 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) | HIV Prevention Activities Health Department Based | 93.940 | CLH31028 | 29,109 | - | 29,109 | - |
| 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 | 64,269 | - | 64,269 | - |
| 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 | 24ASO2818 (2) | 178,028 | - | 178,028 | 5 |
| CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health) | Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health | 93.967 | CLH31028 | 200,000 | - | 200,000 | - |

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, 2024

| | 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) | Sexually Transmitted Diseases (STD) Prevention and Control Grants | 93.977 | CLH31028 | 395,291 | - | 395,291 | - | |
| | 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 | 359,401 | - | 359,401 | - | |
| Total Federal Awards Expended: | | | | | 8,071,544 | - | 8,071,544 | 176,387 | |

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, 2024 - December 31, 2024

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 total amount expended includes \$5,844,483.96 claimed as an indirect cost recovery using two different approved indirect cost rates of 14.89% for Treatment Services in the amount of \$839,842.51 and an approved indirect cost rate of 23.57% or the remainder of the District in the amount of \$5,004,641.45.

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 \$8,563,102. This is not documented on the federal schedule, as this is a fee for service revenue only.

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