

EXHIBIT A  
**SNOHOMISH HEALTH DISTRICT**  
**Statement of Net Position**  
December 31, 2019

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 1,879,515
Investments	7,902,989
Receivables, net	1,114,214
Inventory	-
Prepayments	190,405
Capital assets:	
Land (non-depreciable)	600,000
Building, net of accumulated depreciation	2,336,934
Other, net of accumulated depreciation	367,090
<b>Total Assets</b>	<b>\$ 14,391,147</b>
<b>Deferred Outflows of Resources</b>	
Pension Items (see Note 4)	\$ 835,377
<b>Total Deferred Outflows of Resources</b>	<b>\$ 835,377</b>
<b>Liabilities</b>	
Accounts Payable	\$ 440,156
Other Accrued Liabilities	582,827
Revenue Collected in Advance	2,035,884
Compensated absences:	
Due within one year	150,289
Due after one year	959,024
Pension Liability - due after one year	3,660,971
Net OPEB obligation - due after one year	8,175,709
<b>Total Liabilities</b>	<b>\$ 16,004,860</b>
<b>Deferred Inflows of Resources</b>	
Pension Items (see Note 4)	\$ 2,276,113
<b>Total Deferred Inflows of Resources</b>	<b>\$ 2,276,113</b>
<b>Net Position</b>	
Net Investment in Capital Assets	\$ 3,304,024
Restricted	265,664
Unrestricted	(6,624,136)
<b>Total Net Position</b>	<b>\$ (3,054,448)</b>

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

# EXHIBIT A

## SNOHOMISH HEALTH DISTRICT Statement of Net Position Fiduciary Funds December 31, 2019

	Agency Fund
<b>Assets</b>	
Cash and Cash Equivalents	\$ 4,598
<b>Total Assets</b>	<b>\$ 4,598</b>
<b>Liabilities</b>	
Liabilities Payable from restricted assets	\$ 4,598
<b>Total Liabilities</b>	<b>\$ 4,598</b>

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

EXHIBIT A  
**SNOHOMISH HEALTH DISTRICT**  
**Statement of Activities**

For the Year Ended December 31, 2019

Function/Program	Program Revenues			Net (Expense) Revenue and Changes in Net Position Total Governmental Activities
	Expenses	Charges for Service	Operating Grants & Contributions	
<b>Primary Government:</b>				
Public Health	\$ 15,708,407	\$ 7,657,758	\$ 3,880,932	\$ (4,169,717)
<b>Total Governmental Activities</b>	<b>\$ 15,708,407</b>	<b>\$ 7,657,758</b>	<b>\$ 3,880,932</b>	<b>\$ (4,169,717)</b>
<b>General revenues:</b>				
Grants & Contributions not restricted to specific programs				4,222,183
Interest and investment earnings				219,044
Miscellaneous				423,264
Total General Revenues				<u><b>4,864,490</b></u>
<b>Change in Net Position</b>				<b>694,773</b>
<b>Net Position Beginning</b>				<b>\$ (3,749,222)</b>
<b>Net Position Ending</b>				<b><u><u>\$ (3,054,448)</u></u></b>

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

EXHIBIT A  
**SNOHOMISH HEALTH DISTRICT**  
**Balance Sheet**  
**Government Funds**  
December 31, 2019

	General Fund	Public Health Emergency Preparedness and Response	Total All Governmental Funds
<b>Assets and Deferred Outflows of Resources</b>			
Cash and Cash equivalents	\$ 1,879,515	\$ -	\$ 1,879,515
Investments	7,902,989	-	7,902,989
Receivables, net	1,004,509	109,705	1,114,214
Interfund Receivable	85,259	-	85,259
Inventory	-	-	-
Prepayments	190,405	-	190,405
Total Assets	<u>\$ 11,062,677</u>	<u>\$ 109,705</u>	<u>\$ 11,172,382</u>
Deferred Outflows of Resources	-	-	-
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 11,062,677</b>	<b>\$ 109,705</b>	<b>\$ 11,172,382</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>			
Accounts Payable	\$ 433,833	\$ 6,323	\$ 440,156
Interfund Payable	-	85,259	85,259
Other Liabilities	564,703	18,124	582,827
Revenue Collected in Advance	2,035,884	-	2,035,884
Security Deposits	-	-	-
Total Liabilities	3,034,420	109,705	3,144,125
Deferred Inflows of Resources	-	-	-
<b>Fund Balances</b>			
Non-Spendable	190,405	-	190,405
Restricted	265,664	-	265,664
Unassigned	7,572,188	(0)	7,572,188
Total Fund Balances	<u>8,028,257</u>	<u>(0)</u>	<u>8,028,257</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 11,062,677</b>	<b>\$ 109,705</b>	<b>\$ 11,172,382</b>

**Reconciliation to the Statement of Net Position:**

<b>Total Fund Balances, per above</b>	<b>\$ 8,028,257</b>
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	3,304,024
Deferred outflows pertaining to pension activity, not reported in the funds	835,377
Deferred inflows pertaining to pension activity, not reported in the funds	(2,276,113)
Liabilities for compensated absences due and payable later than the end of the current period, not reported in the funds	(1,109,313)
Liabilities for net other post employee benefits (OPEB) due and payable later than the current period, not reported in the funds	(8,175,709)
Liabilities for pensions due and payable later than the end of the current period, not reported in the funds	(3,660,971)
<b>Total Net Position, per Statement of Net Position</b>	<b><u>\$ (3,054,448)</u></b>

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

**EXHIBIT A**  
**SNOHOMISH HEALTH DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**

For the Year Ended December 31, 2019

	General Fund	Public Health Emergency Preparedness and Response	Total Governmental Funds
<b>Revenues</b>			
Licenses and Permits	\$ 4,233,443	\$ -	\$ 4,233,443
Intergovernmental	9,033,372	669,743	9,703,115
Charges for Services	1,824,315	-	1,824,315
Miscellaneous	622,307	20,000	642,307
Total Revenues	<u>\$ 15,713,437</u>	<u>\$ 689,743</u>	<u>\$ 16,403,180</u>
<b>Expenditures</b>			
Personnel Services	\$ 12,776,620	\$ 495,415	\$ 13,272,035
Supplies	168,812	7,635	176,447
Other Services and Charges	2,921,334	187,998	3,109,333
Capital Outlay	420,849	-	420,849
Total Expenditures	<u>\$ 16,287,616</u>	<u>\$ 691,048</u>	<u>\$ 16,978,664</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(574,178)</b>	<b>(1,305)</b>	<b>(575,483)</b>
<b>Other Financing Sources (Uses)</b>			
Transfers In	-	1,305	1,305
Transfers Out	(1,305)	-	(1,305)
Proceeds from Sale of Capital Assets	-	-	-
Total other financing sources (uses)	(1,305)	1,305	-
<b>Net Change in Fund Balances</b>	<b>(575,483)</b>	<b>0</b>	<b>(575,483)</b>
<b>Fund Balance as of January 1, 2018</b>	<b>8,603,740</b>	<b>-</b>	<b>8,603,740</b>
<b>Fund Balance as of December 31, 2018</b>	<u><b>\$ 8,028,257</b></u>	<u><b>\$ 0</b></u>	<u><b>\$ 8,028,257</b></u>

**Reconciliation to the Statement of Activities:**

**Net Change in Fund Balances, per above** **\$ (575,483)**

Amounts reported in the above Statement of Revenues, Expenditures, and Changes in Fund Balances - Government Funds differ from amounts reported in the Statement of Activities by the following items:

Decrease (increase) to deferred inflows for pension activities	(149,597)
Increase (decrease) to deferred outflows for pension activities	3,378
Decrease (increase) to the liability for compensated absences	596,858
Governmental funds report capital outlays as expenditures. The Statement of Activities reports the cost of capital assets as capitalized and depreciated over their estimated useful lives.	
Expenditures for capital assets	420,849
Loss on disposal of capital assets	(127,580)
Less current year depreciation	(268,996)
	24,273
Decrease (increase) to the liability for the net OPEB obligation	(596,580)
Decrease (increase) to the liability for pensions	1,391,925
<b>Change in Net Position, per Statement of Activities</b>	<u><b>\$ 694,774</b></u>

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

**EXHIBIT A**  
**SNOHOMISH HEALTH DISTRICT**  
**Statement of Statement of Revenue, Expenditures Changes in Fund Balance - Budget to Actual**  
**For the Year Ended December 31, 2019**

	General Fund			Public Health Emergency Preparation and Response			Total Governmental Funds
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Actual
<b>Revenues:</b>							
Licenses and Permits	\$ 3,971,165	\$ 3,781,165	\$ 4,233,443			\$ -	\$ 4,233,443
Intergovernmental	9,220,671	9,591,998	9,033,372	692,780	692,780	669,743	9,703,115
Charges for Services	2,269,320	2,213,570	1,824,315			-	1,824,315
Miscellaneous	182,410	401,214	622,307			20,000	642,307
Total Revenues	15,643,566	15,987,947	15,713,437	692,780	692,780	689,743	16,403,180
<b>Expenditures:</b>							
Public Health:							
Personnel Services	\$ 12,751,539	\$ 13,027,555	\$ 12,776,620	\$ 489,232	\$ 489,232	\$ 495,415	\$ 13,272,035
Supplies	164,734	169,468	168,812	3,000	3,000	7,635	176,447
Other Services and Charges	2,906,293	3,369,352	2,921,334	21,548	21,548	187,998	3,109,332
Capital Outlay			420,849			-	420,849
Total Expenditures	\$ 15,822,566	\$ 16,566,375	\$ 16,287,615	\$ 513,780	\$ 513,780	\$ 691,048	\$ 16,978,663
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(179,000)</b>	<b>(578,428)</b>	<b>(574,178)</b>	<b>179,000</b>	<b>179,000</b>	<b>(1,305)</b>	<b>(575,483)</b>
<b>Other Financing Sources (Uses)</b>							
Proceeds from Sale of Capital Assets	\$ -	\$ -	-	\$ -	\$ -	-	\$ -
Transfers In	-	-	-	-	-	1,305	1,305
Transfers Out	-	-	(1,305)	-	-	-	(1,305)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(1,305)</b>	<b>-</b>	<b>-</b>	<b>1,305</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(179,000)</b>	<b>(578,428)</b>	<b>(575,483)</b>	<b>179,000</b>	<b>179,000</b>	<b>0</b>	<b>(575,483)</b>
<b>Fund Balance as of January 1, 2019</b>		-	8,603,740			-	8,603,740
<b>Fund Balance as of December 31, 2019</b>	<b>\$ (179,000)</b>	<b>\$ (578,428)</b>	<b>\$ 8,028,257</b>	<b>\$ 179,000</b>	<b>\$ 179,000</b>	<b>\$ 0</b>	<b>\$ 8,028,257</b>

The accompanying notes are an integral part of this statement.

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

The financial statements of the Snohomish Health District (the District) were 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 principals. The significant accounting policies are described below.

**A. Reporting Entity**

The District was incorporated in 1959 and operates under the laws of the State of Washington applicable to local governmental units. As required by GAAP, the financial statements present Snohomish Health District as the primary government.

**B. 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 non-fiduciary activities of the primary government. The effect of inter-fund activity has been substantially eliminated from these statements.

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. 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 of a particular function or segment. Revenues not included among program revenues are reported as general revenues.

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

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 when all 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 when 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 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Fees, licenses, and associated interest earned within the reporting period are recognized as revenues of the reporting period. All other revenues are considered to be measurable and available only when cash is received by the District.

The District reports the following governmental funds:

The General Fund is the main operating fund of the District. This fund accounts for all financial resources except those accounted for in the special revenue fund.

The Public Health Emergency Preparedness and Response Special Revenue Fund accounts for activity relating to the District's role as the lead agency for the emergency preparedness and response activities in Washington State's Public Health Emergency Planning Region 1 – North, including the counties of Snohomish, Skagit, Whatcom, San Juan, and Island.

The District's Fiduciary Fund are funds held in trust that are related to payroll withholding for the District's flexible benefit plan.

D. Budgetary Information

(1) Scope of Budget

Annual budgets are adopted for all funds on the accrual basis of accounting.

The District's budget is adopted at the fund level and expenditures may not exceed appropriations at that level of detail.

Appropriations for general and special revenue funds lapse at year end.

Encumbrances accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

(2) Amending the Budget

The District's Administrative Officer is authorized to transfer budgeted amounts among object classes within programs; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions by more than 20% or 1 FTE whichever is greater, salary ranges, hours, or other conditions of employment must be approved by the Board of Health.

When the Board of Health determines that it is in the best interest of the District to increase or decrease the appropriation for a particular fund, it may do so by resolution approved by one more than the majority, after holding public hearings.

The budget amounts shown in the financial statements are the final authorized amounts. The original 2019 budget was approved by Resolution 18-27 on December 11, 2018 and was amended by Resolution 19-23 on October 8, 2019.



E. Assets, Liabilities and Equities(1) Cash and Cash Equivalents

At December 31, 2019, the District held \$1,879,515 in cash and cash equivalents, as reported on the Statement of Net Position and Balance Sheet. Cash equivalents are defined as residual cash and imprest funds that are not invested.

The District's cash and cash equivalents are invested in accordance with RCW 35.82.070 (6). The District invests in savings accounts, money market accounts and certificates of deposit at banks that are qualified depositories as designated by the Washington Public Deposit Protection Commission (WPDPC) pursuant to RCW 39.58. The WPDPC is a risk sharing pool whereby member banks that are designated as "qualified public depositories" mutually insure public deposits against loss. All deposits and bank balances are insured against loss by the FDIC or WPDPC. All of the District investments are classified under risk Category 1, as either insured, registered or held by the District, or its agent, in the District's name.

All cash and cash equivalents are recorded at market value.

(2) Investments

At December 31, 2019, the Snohomish County Treasurer held \$7,902,989 in short-term investments. This amount is reported on Statement of Net Position and Balance Sheet as Investments. These investments are valued at amortized cost.

As required by state law, investments of the District's funds are obligations of the U.S. Government, the State Treasurer's Investment Pool, Snohomish County's Investment Pool or deposits with Washington State Banks and savings and loan institutions.

All investments are held by Snohomish County in the District's name.

(3) Receivables

Accounts receivable consists of amounts owed from other governments, private individuals, or organizations for goods and services provided by the District.

(4) Amounts Due to/from Other Funds and Inter-fund Loans Receivable and Payable

These accounts include all inter-fund receivables and payables.

(5) Capital Assets

Capital assets include items such as land, buildings, infrastructure, vehicles, and equipment, and are reported in Statement of Net Position. The District reports an item as a capital asset when its initial, individual cost exceeds \$5,000, and it has an estimated useful life in excess of one year. Capital assets are recorded at

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historical cost, or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Major outlays for capital assets are capitalized as projects are constructed. Costs for additions or improvements to existing capital assets are capitalized when they materially increase the value, capacity, or life of the asset.

The cost of each capital asset, less estimated salvage value, if applicable, is depreciated, or amortized, using the straight line method, over its estimated useful life.

<u>Capital Asset Category</u>	<u>Estimated Useful Life</u>
Building	5 - 50 years
Computer Software	3 years
Furniture & Equipment	7 – 20 years
Leasehold Improvements	7 - 20 years
Vehicles	6 years

A summary of changes in capital assets appears below:

	<b>Beginning Balance 1/1/2019</b>	<b>Additions &amp; Transfers</b>	<b>Deletions</b>	<b>Ending Balance 12/31/2019</b>
<b>Capital Assets</b>				
Land	\$ 600,000			\$ 600,000
Buildings	7,399,094	420,849	(334,385)	7,485,558
Improvements	738,573			738,573
Computer Software	32,301			32,301
Equipment	915,383		(16,927)	898,456
Furniture	558,110			558,110
Vehicles	687,768		(12,077)	675,691
Capitalized Work In Process	-			-
<b>Total Capital Assets</b>	<b>\$ 10,931,229</b>	<b>\$ 420,849</b>	<b>\$ (363,389)</b>	<b>\$ 10,988,689</b>
<b>Less Accumulated Depreciation</b>				
Buildings	\$ (5,199,541)	\$ (161,388)	\$ 212,306	\$ (5,148,623)
Improvements	(535,227)	(31,851)		(567,078)
Computer Software	(16,151)	(10,767)		(26,918)
Equipment	(786,901)	(30,234)	11,426	(805,709)
Furniture	(507,884)	(9,565)		(517,449)
Vehicles	(605,774)	(25,191)	12,077	(618,888)
<b>Total Accumulated Depreciation</b>	<b>\$ (7,651,478)</b>	<b>\$ (268,996)</b>	<b>\$ 235,809</b>	<b>\$ (7,684,665)</b>
<b>Capital Assets, Net</b>	<b>\$ 3,279,751</b>	<b>\$ 151,853</b>	<b>\$ (127,580)</b>	<b>\$ 3,304,024</b>

Depreciation totaled \$268,996 for the year ended December 31, 2019, and is expensed to functions and programs of the primary government as Public Health.

The District replaced the HVAC system in 2019 at a cost of \$420,849. The original purchase was included in the total building purchase prices. To arrive at the amount applicable to the HVAC system from the original purchase price of the building in 2005, the replacement cost of \$420,849 was converted 2005 dollars (\$1 in 2005 is equal to \$1.31 in 2019) and determined to be approximately 7% of the original purchase. The net book value of the HVAC at the time of disposal was estimated at \$122,079. The District also disposed of a video

surveillance system that was not in service with a net book value of \$5,501 for a total loss on disposal of assets of \$127,580.

(6) Compensated Absences

Eligible employees may accumulate 12 to 30 days of vacation leave each year, depending upon the employee's length of service. Typically, they may not accumulate more than 320 hours of vacation. However, an exception to this rule may be permitted where an employee has deferred leave usage at the request of the District. All outstanding vacation leave is payable upon resignation, retirement, or death of the employee. The liability for vacation leave at December 31, 2019, is \$654,969.

Sick leave accumulates at the rate of 1 day per month. A percentage of sick leave is payable upon resignation, retirement or death of the employee. The amount of accrued sick leave and percentage payable are dependent on the following factors:

- Employees may accrue no more than 1,000 hours of sick leave unless they were hired prior to January 1, 2015.
- Employees who have accumulated sick leave in excess of 600 hours may elect to convert sick leave earned in the prior 12 months into cash, additional annual leave, or a HSA. Percentage paid is based on their service credit at the time of the request.
- Upon employee death, 100% of the employee's sick leave hours will be paid out to the heir(s) of the employee for PTE EHS, EH Supervisors, APHU and AFSCME. For non-represented and WSNA, 100% of the employee's sick leave hours will be paid up to 1,000 hours.
- For non-represented employees having been employed for at least 7 years, the accrued and unused sick leave will be paid into a HRA VEBA account upon separation from employment. If a VEBA contribution triggers a tax liability under the Affordable Care Act, employees will receive a cash payment in their final paycheck instead. EH Supervisors, AFSCME and WSNA employees and/or those with less than 7 years of service will receive no payment.

The liability for vested sick leave at December 31, 2019, is \$442,729.

Eligible employees may accrue compensatory time in lieu of overtime pay. The liability for compensatory time at December 31, 2019, is \$11,615.

Lump-sum payments are made to employees when they separate from employment with the District. Department of Retirement's statistical analysis of expected separations are applied to the District's employee demographics to estimate the portion of the liability that is payable within one year.

(7) Other Accrued Liabilities

These amounts consist of items such as use taxes payable and vital statistics fees to the State of Washington, and employee benefits payable as of year-end.

(8) Fund Balance Classifications

The government-wide financial statements present fund balance as net position, which is reported in the three components, as applicable:

- a) Invested in capital assets, net of related debt. This amount consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b) Restricted. This amount consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, and contributors; or (2) legal restrictions resulting from constitutional provisions or enabling legislation.
- c) Unrestricted. This amount consists of all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The governmental funds' financial statements present fund balance displayed in the following components, as applicable:

- a) Non-spendable fund balance. This amount consists of assets that are not in spendable form, such as inventory and prepayments. As of December 31, 2019, the District had non-spendable funds of \$190,405 which consists solely of prepayments.
- b) Committed fund balance. Fund balance is reported as Committed when the Board of Health (the government's highest level of decision-making authority) adopts an ordinance that places specific constraints on how the resources may be used. Once adopted, the commitment remains until it is modified or rescinded by the adoption of a new ordinance by the Board.
- c) Assigned fund balance. This amount consists of that portion of fund balance that has been set aside for a special purpose. Balances in special revenue funds are considered assigned for the purposes of that fund.
- d) Restricted fund balance. Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation. As of December 31, 2019, the District has \$265,664 of restricted funds for unspent grant revenues for the North Sound Accountable Community of Health (\$257,589) and the Kresge (\$5,418) grants and a donation to fund

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Medical Reserve Corps activities (\$2,657) that were carried over and expected to be spent in 2020.

- e) Unassigned fund balance. This amount is the remainder of fund balance that is not classified as non-spendable, committed, assigned or restricted. The Snohomish Health District Board of Health has, by resolution, set aside \$2,679,243 of the general fund balance comprised of:

- \$2,140,019 for 45 days of the expenditure budget for working capital
- \$500,000 emergency fund (See Note 11 - Subsequent Events)
- \$134,822 unspent insurance recoveries from 2015 water damage to the Rucker Building

At December 31, 2019, these amounts are included in the unassigned fund balance of \$7,572,188.

9) Pensions

For purposes of measuring the net pension liability, 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.

10) 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 Health District Retiree Benefits 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.

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

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

The governmental funds' Balance Sheet includes the reconciliation between Total Governmental Fund Balances, on the Balance Sheet, and Total Net Position, on the Statement of Net position.

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

The governmental funds' Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between Net changes in fund balance of total governmental funds, and Change in Net Position reported in the Statement of Activities.

**NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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

**NOTE 4 - PENSION PLANS**

The following table represents the aggregate pension amounts for all plans for the year 2019:

<b>Aggregate Pension Amounts – All Plans</b>	
Pension liabilities	\$(3,660,971)
Pension assets	\$0
Deferred outflows of resources	\$835,377
Deferred inflows of resources	\$(2,276,113)
Pension expense/expenditures	\$(54,182)

**State Sponsored Pension Plans**

Substantially all of the 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 comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

Department of Retirement Systems  
Communications Unit  
P.O. Box 48380  
Olympia, WA 98540-8380

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

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

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

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

### Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2019 were as follows:

<b>PERS Plan 1</b>		
<b>Actual Contribution Rates</b>	<b>Employer</b>	<b>Employee*</b>
January – June 2019		
PERS Plan 1	7.52%	6.00%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
<b>Total</b>	<b>12.83%</b>	<b>6.00%</b>
July – December 2019		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
<b>Total</b>	<b>12.86%</b>	<b>6.00%</b>

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

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

## EXHIBIT A

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

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

### Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2019 were as follows:

<b>PERS Plan 2/3</b>		
<b>Actual Contribution Rates</b>	<b>Employer 2/3</b>	<b>Employee 2*</b>
January – June 2019		
PERS Plan 2/3	7.52%	7.41%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
<b>Total</b>	<b>12.83%</b>	<b>7.41%</b>
July – December 2019		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
<b>Total</b>	<b>12.86%</b>	<b>7.90%</b>

The District's actual PERS plan contributions were \$480,322 to PERS Plan 1 and \$711,203 to PERS Plan 2/3 for the year ended December 31, 2019.



## Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2019 with a valuation date of June 30, 2018. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2007-2012 Experience Study* and the *2017 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2018 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2019. Plan liabilities were rolled forward from June 30, 2018, to June 30, 2019, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.50% salary inflation
- **Salary increases:** In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.4%

Mortality rates were based on the RP-2000 report's Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

There were changes in methods and assumptions since the last valuation.

- OSA updated modeling to reflect providing benefit payments to the date of the initial retirement eligibility for terminated vested members who delay application for retirement benefits.
- OSA updated COLA programming to reflect legislation signed during the 2018 legislative session that provides PERS Plan 1 annuitants who are not receiving a basic minimum, alternate minimum, or temporary disability benefit with a one-time permanent 1.5% increase to their monthly retirement benefit, not to exceed a maximum of \$62.50 per month.

## Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.4 percent.

To determine that rate, an asset sufficiency test included an assumed 7.5 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.5 percent). Consistent with the long-term expected rate of return, a 7.4 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3 employers, whose rates include a component for the PERS 1 plan liabilities). Based on these 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 7.4 percent was used to determine the total liability.

### Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.4 percent was determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns over various time horizons.

### Estimated Rates of Return by Asset Class

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, 2019, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	2.20%
Tangible Assets	7%	5.10%
Real Estate	18%	5.80%
Global Equity	32%	6.30%
Private Equity	23%	9.30%
	<b>100%</b>	

### 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 7.4 percent, 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 (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate.

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	\$3,507,834	\$2,801,072	\$2,187,863
PERS 2/3	\$6,595,077	\$859,898	\$(3,846,195)

### 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, 2019, the district reported a total pension liability of \$3,660,971 for its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	\$2,801,073
PERS 2/3	\$859,898

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

	Proportionate Share 6/30/18	Proportionate Share 6/30/19	Change in Proportion
PERS 1	0.076987%	0.072843%	-0.004144%
PERS 2/3	0.094566%	0.088527%	-0.006039%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 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 PERS 1 and PERS 2/3.

The collective net pension liability (asset) was measured as of June 30, 2019, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2018, with update procedures used to roll forward the total pension liability to the measurement date.

### Pension Expense

For the year ended December 31, 2019, the district recognized pension expense as follows:

	Pension Expense
PERS 1	\$(66,779)
PERS 2/3	\$12,597
TOTAL	\$(54,182)

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

At December 31, 2019, the district reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>PERS Plan 1</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$0	\$0
Net difference between projected and actual investment earnings on pension plan investments	\$0	\$(187,135)
Changes of assumptions	\$0	\$0
Changes in proportion and differences between contributions and proportionate share of contributions	\$0	\$0
Contributions subsequent to the measurement date	\$215,918	\$0
<b>TOTAL</b>	<b>\$215,918</b>	<b>\$(187,135)</b>

<b>PERS Plan 2/3</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$246,364	\$(184,873)
Net difference between projected and actual investment earnings on pension plan investments	\$0	\$(1,251,662)
Changes of assumptions	\$22,019	\$(360,785)
Changes in proportion and differences between contributions and proportionate share of contributions	\$0	\$(291,659)
Contributions subsequent to the measurement date	\$351,076	\$0
<b>TOTAL</b>	<b>\$619,459</b>	<b>\$(2,088,978)</b>

## EXHIBIT A

<b>Combined Total for All Plans PERS Plan 1/2/3</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$246,364	\$(184,873)
Net difference between projected and actual investment earnings on pension plan investments	\$0	\$(1,438,797)
Changes of assumptions	\$22,019	\$(360,785)
Changes in proportion and differences between contributions and proportionate share of contributions	\$0	\$(291,659)
Contributions subsequent to the measurement date	\$566,994	\$0
<b>TOTAL</b>	<b>\$835,377</b>	<b>\$(2,276,113)</b>

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, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended December 31:</b>	<b>PERS 1</b>
2020	\$(41,311)
2021	\$(97,854)
2022	\$(34,920)
2023	\$(13,050)
2024	\$0
Thereafter	\$0

<b>Year ended December 31:</b>	<b>PERS 2/3</b>
2020	\$(450,818)
2021	\$(692,170)
2022	\$(334,669)
2023	\$(202,248)
2024	\$(113,276)
Thereafter	\$(27,415)

**NOTE 5 - OTHER POST- EMPLOYMENT BENEFITS (OPEB)****Plan Description**

The Snohomish Health District Health Plan (the Health Plan) is a single-employer defined-benefit healthcare plan administered by the District. The Health Plan provides access to the District's medical plans and a cash subsidy for retirees eligible for Medicare. The Health Plan's actuary is Healthcare Actuaries. The Health Plan does not issue a separate stand-alone financial report.

**Benefits Provided**

Participants are eligible for benefits upon retirement. Benefits are in the form of access to the District'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, 2019, (the census date), the benefit terms covered the following employees:

<b>Category</b>	<b>Count</b>
Inactive employees, spouses, or beneficiaries currently receiving benefit payments:	79
Inactive employees entitled to but not yet receiving benefit payments:	0
Active employees:	123
<b>Total</b>	<b>202</b>

**Contributions**

The Health District pays benefits as they come due.

Contribution rate:	Benefits Due
Reporting period contributions:	\$127,491 (Includes implicit subsidy credit.)

**Financial Report**

The Health District does not issue a stand-alone financial report that is available to the public.

**Net OPEB Liability**

The Health District's total OPEB liability was valued as of December 31, 2019, and was used to calculate the net OPEB liability measured as of December 31, 2019.

**Actuarial Assumptions**

The total OPEB liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

# EXHIBIT A

## Measurement Date: December 31, 2018 December 31, 2019

Discount Rate	3.25%	2.75%
Inflation	2.75%	2.75%
Healthcare Cost Trend Rates	n/a	6.30% Trending down to 4.40% over 55 years.
Salary Increases	3.50%	3.50% Additional service-based increases based on service salary increase tables.

Mortality Rates were based on tables from the Society of Actuaries.

### Discount Rate

The discount rate used to measure the total OPEB liability is 2.75%. The Health 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.

### Changes in the Net OPEB Liability

#### *Increase/(Decrease)* **Total/Net OPEB Liability**

**Balance as of Report Date December 31, 2018**

**\$ 7,579,129**

Changes for the year:

Service Cost	342,266
Interest	255,375
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	604,000
Changes of Assumptions	(477,570)
Explicit Subsidy Credit	(113,310)
Implicit Subsidy Credit	(14,181)
Other Miscellaneous Income/(Expense)	-
Net Changes	<b><u>596,580</u></b>

**Balance as of Report Date December 31, 2019**

**\$ 8,175,709**

Sensitivity of the net OPEB liability to changes in the discount rate. The net OPEB liability of the Health District, as well as what the Health District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.75%) or one percentage point higher (3.75%) follows:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	<u>1.75%</u>	<u>2.75%</u>	<u>3.75%</u>
<b>Net OPEB Liability (Asset)</b>	<b>\$ 9,812,570</b>	<b>\$ 8,175,709</b>	<b>\$ 6,891,129</b>

# EXHIBIT A

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The net OPEB liability of the Health District, as well as what the Health District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.30%) or one percentage point higher (7.30%) than current healthcare cost trend rates follows:

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
	<b>5.30%</b>	<b>6.30%</b>	<b>7.30%</b>
	<b>Decreasing to</b>	<b>Decreasing to</b>	<b>Decreasing to</b>
	<b>3.40%</b>	<b>4.40%</b>	<b>5.40%</b>
<b>Net OPEB Liability (Asset)</b>	<b>\$ 6,787,302</b>	<b>\$ 8,175,709</b>	<b>\$ 9,991,887</b>

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

For the report year ended December 31, 2019, the Health District recognized an OPEB expense of \$615,448. The Health District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Actual and Expected Experience	\$ 518,929	\$ -
Changes of Assumptions Subsequent to the Measurement Date	-	(410,306)
	-	-
<b>Total</b>	<b>\$ 518,929</b>	<b>\$ (410,306)</b>

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

<u>Report Year Ending December 31:</u>	<u>Amount</u>
2020 \$	17,807
2021	17,807
2022	17,807
2023	17,807
2024	17,807
Remaining	19,588



**NOTE 6 - LONG TERM DEBT**

The District's Long Term Debt consists of the Pension Liability (see Note 4), the Net OPEB Obligation (see Note 6), and the long term portion of Compensated Absences (see Note 1F(7)), as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Pension Liability	\$ 5,052,896		\$ (1,391,925)	\$ 3,660,971	\$ -
Net OPEB Obligation	7,579,129	596,580		8,175,709	-
Compensated Absences	1,706,171		(747,147)	959,024	150,289
<b>Total Long Term Liabilities</b>	<b>\$ 14,338,196</b>	<b>\$ 596,580</b>	<b>\$ (2,139,072)</b>	<b>\$ 12,795,704</b>	<b>\$ 150,289</b>

**NOTE 7 - DEFERRED COMPENSATION PLAN**

The District offers its employees two deferred compensation plans created in accordance with Internal Revenue Code Section 457 – one through Nationwide Investment Services

Corporation and the other through the State of Washington Deferred Compensation Program. The plans are available to all eligible District employees, permitting them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, are held in trust until paid or made available to the employee or other beneficiary. Except as otherwise permitted or required by law, no assets or income of the plans shall be used for, or diverted to, purposes other than for the exclusive purpose of providing benefits for participants and their beneficiaries or defraying reasonable expenses of administration of the plan.

**NOTE 8 - RISK MANAGEMENT**

Snohomish Health District is a member of Enduris. Chapter 48.62 RCW provides the exclusive source of local government entity authority to individually or jointly self-insure risks, jointly purchase insurance or reinsurance, and to contract for risk management, claims, and administrative services. The Pool was formed July 10, 1987, pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW when two counties and two cities in the State of Washington joined together by signing an interlocal governmental agreement to fund their self-insured losses and jointly purchase insurance and administrative services. As of August 31, 2019, there are 547 Enduris members representing a broad array of special purpose districts throughout the state. Enduris provides property and liability coverage as well as risk management services and other related administrative services.

Members make an annual contribution to fund the Pool and share in the self-insured retention. The self-insured retention is:

- \$1,000,000 self-insured retention on liability loss - the member is responsible for the first \$10,000 of the amount of each claim, while Enduris is responsible for the remaining \$990,000 on a liability loss.

## EXHIBIT A

- \$250,000 self-insured retention on property loss - the member is responsible for the first \$10,000 of the amount of each claim, while Enduris is responsible for the remaining \$240,000 on a property loss.

Enduris acquires reinsurance from unrelated insurance companies on a “per occurrence” basis to cover all losses over the self-insured retentions as shown on the policy maximum limits. Liability coverage is for all lines of liability coverage including Public Official’s Liability. The Property coverage is written on an “all risk,” blanket basis using current Statement of Values. The Property coverage includes but is not limited to mobile equipment, boiler and machinery, electronic data processing equipment, business interruption, course of construction and additions, property in transit, fine arts, cyber and automobile physical damage to insured vehicles. Liability coverage limit is \$20 million per occurrence and property coverage limit is \$1 billion per occurrence. Enduris offers crime coverage up to a limit of \$1 million per occurrence.

Since Enduris is a cooperative program, there is joint liability among the participating members.

The contract requires members to remain in the Pool for a minimum of one year and must give notice 60 days before terminating participation. The Master Agreement (Intergovernmental Contract) is automatically renewed after the initial one (1) full fiscal year commitment. Even after termination, a member is still responsible for contribution to Enduris for any unresolved, unreported and in-process claims for the period they were a signatory to the Master Agreement.

Enduris is fully funded by its member participants. Claims are filed by members with the Pool and are administered in house.

The Pool is governed by a Board of Directors which is comprised of seven board members. The Pool’s members elect the Board and the positions are filled on a rotating basis. The Board meets quarterly and is responsible for conducting the business affairs of Enduris.

### **NOTE 9 – RELATED PARTY TRANSACTIONS**

Snohomish County Council members and one elected official each from the cities of Bothell, Darrington, Edmonds, Everett, Lake Stevens, Lynnwood, Marysville, Mountlake Terrace, Mukilteo and Snohomish serve as members of the Board of Health and have significant influence in the management of the District.

Snohomish County for Communicable Disease Control	\$1,600,000
Snohomish County Public Health Per Capita Allotment	501,618
Cities Public Health Per Capita Allotment	<u>287,274</u>
<b>Total Funding</b>	<b><u><u>\$2,388,892</u></u></b>

## **NOTE 10 – SUBSEQUENT EVENTS**

### **Coronavirus**

On January 20, 2020, the first Coronavirus U.S. case was identified in Snohomish County.

Governor Jay Inslee on March 23 announced the “Stay Home, Stay Healthy” order, extending the order on April 2. After the order's expiration on May 31 at midnight, the state transitioned to the Safe Start Plan, a phased approach to reopening businesses and activities. More information on the Safe Start Plan and phases is available at: <https://coronavirus.wa.gov/what-you-need-know/safe-start>.

Dr. Chris Spitters, health officer for the Snohomish Health District, also issued an order on March 17, and extended on March 31, that remains in effect as of the preparation date of this report which outlines the steps all businesses and organizations must take when operating:

- Older adults or people with underlying conditions are encouraged to remain at home
- Social distancing recommendations are in place. People should avoid being within 6 feet of each other for longer than momentary or minimal contact.
- Employees are screened for coronavirus symptoms each day and excluded if symptomatic
- Proper hand hygiene and sanitation must be readily available to all attendees and employees
- Environmental cleaning guidelines from the U.S. Centers for Disease Control and Prevention are followed, including more cleaning and disinfecting of hightouch surfaces at least daily

The Health Officer also issued a quarantine directive and isolation order on March 31. This order requires:

- Quarantine Directive: This states that everyone with COVID-19 symptoms with a test result pending shall remain in quarantine while waiting for the test results
- Isolation Order: This requires everyone who has tested positive for COVID-19 to remain in isolation, away from others in their home as much as feasible, until no longer infectious

As of May 31, 2020, the total expenditures related to the response were approximately \$1.6 million dollars. Revenues have been received to offset these costs from the State of Washington in the amount of \$1.5 million dollars and a local community donation of \$109,000. The Health Officer's order also allows use of its \$500,000 emergency fund for Covid19 activities. Additionally, several existing grants allowed use of funding for Coronavirus activities.

In March 2020, the Federal government enacted the Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, a law intended to address the economic fallout of the COVID-19 pandemic in the United States. In May, the Snohomish County Council has allocated approximately \$10.9 million dollars of Snohomish County's CARES Act funding to the Health District for Covid19 to hire and provide tools for additional staff to conduct anticipated increased contact tracing & testing (\$10.4m) and communicable disease response (\$.5M) through December 2020.

## EXHIBIT A

The District is also evaluating the feasibility of requesting funds from the Federal Emergency Management Agency.

The length of time these measures will be in place, and the full extent of the financial impact on the Snohomish Health District is unknown at this time.

### Public Health Emergency Preparedness & Response (PHEPR) Fund

During the preparation and deliberations for the 2020 budget, as there is no requirement under Generally Accepted Accounting Principles (GAAP) to require these activities to be in a separate fund, staff recommended the PHEPR fund be moved into the General Fund. This change was approved as part of the 2020 Budget approval process and all activities for the affected PHEPR programs were rolled into the General Fund as of January 1, 2020.

### Women, Infant & Children (WIC) and First Steps Programs

During the preparation and deliberations for the 2020 budget, staff recommended and the Board of Health approved the transition for this work from the District to Community Partners in 2020, First Steps as of March 31, 2020, and WIC as of June 30, 2020. Both of these programs have showed increasingly large deficits and decreasing caseloads over time. Community partners were better able to provide additional, as well as wrap-around, services with lower expenditures than the District. The Washington Department of Health approved the transition of WIC to Sea-Mar Community Health Center as of July 1, 2020. The First Steps program work was transitioned to Sea-Mar and Step by Step as of April 1, 2020.

	<b>2019 Actuals (Deficit)</b>	<b>2020 Budget (Deficit)</b>	<b>2020 Budgeted Months</b>
WIC	(1,067,685)	(638,269)	1/2020-6/2020
First Steps	(486,433)	(161,563)	1/2020-3/2020

## EXHIBIT A

## REQUIRED SUPPLEMENTARY INFORMATION

**Pension Benefits - See also Note 4**

Schedule of Proportionate Share of the Net Pension Liability, as of June 30, 2019:						
	Fiscal Year Ended June 30	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
PERS Plan 1	2015	0.087758%	\$ 4,590,560	\$ 9,744,402	47.11%	59.10%
	2016	0.080684%	\$ 4,333,111	\$ 9,388,630	46.15%	57.03%
	2017	0.078255%	\$ 3,713,261	\$ 9,638,572	38.53%	61.24%
	2018	0.076987%	\$ 3,438,266	\$ 9,985,672	34.43%	63.22%
	2019	0.072843%	\$ 2,801,072	\$ 9,866,502	28.39%	67.12%
PERS Plans 2 & 3	2015	0.106990%	\$ 3,822,814	\$ 9,493,707	40.27%	89.20%
	2016	0.098292%	\$ 4,948,925	\$ 9,181,910	53.90%	85.82%
	2017	0.096517%	\$ 3,353,504	\$ 9,462,585	35.44%	90.97%
	2018	0.094566%	\$ 1,614,630	\$ 9,806,209	16.47%	95.77%
	2019	0.088527%	\$ 859,898	\$ 9,624,379	8.93%	97.77%
Schedule of Employer Contributions, as of December 31, 2019:						
	Calendar Year Ended December 31	Statutorily or Contractually Required Contributions	Contributions in Relation to the Statutorily or Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee
PERS Plan 1	2015	\$ 431,398	\$ 431,398	\$ -	\$ 9,541,611	4.52%
	2016	\$ 463,314	\$ 463,314	\$ -	\$ 9,485,224	4.88%
	2017	\$ 488,711	\$ 488,711	\$ -	\$ 9,723,726	5.03%
	2018	\$ 521,053	\$ 521,053	\$ -	\$ 10,025,760	5.20%
	2019	\$ 480,322	\$ 480,322	\$ -	\$ 9,408,189	5.11%
PERS Plans 2 & 3	2015	\$ 522,623	\$ 522,623	\$ -	\$ 9,298,699	5.62%
	2016	\$ 580,061	\$ 580,061	\$ -	\$ 9,310,790	6.23%
	2017	\$ 655,080	\$ 655,080	\$ -	\$ 9,545,874	6.86%
	2018	\$ 738,202	\$ 738,202	\$ -	\$ 9,844,392	7.50%
	2019	\$ 711,203	\$ 711,203	\$ -	\$ 9,222,284	7.71%
<p>* The employer contribution rate for Plans 1, 2, and 3 was 9.21% of covered employee payroll earned during the first half of 2015 and 11.18% of covered employee payroll earned during the second half of 2015. The 2015 average contribution rate of 10.20% of covered employee payroll is slightly higher than the percentages above because the percentages above are based on contributions remitted during 2015, and thus include one extra pay period at the 9.21% rate for amounts remitted to the Plans for covered employee compensation earned during the last pay period of 2014.</p>						

**Other Post-Employment Benefits (OPEB) - See also Note 5**

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**  
**December 31, 2019**

	2017	2018	2019
<b>Total OPEB Liability</b>			
Service cost	\$ 318,739	\$ 330,692	\$ 342,266
Interest on total OPEB liability	226,058	229,874	255,375
Changes in benefit terms	-	-	-
Difference between expected and actual experience	-	-	604,000
Changes in assumptions	-	-	(477,570)
Explicit and implicit subsidies	(108,285)	(108,968)	(127,491)
Net change in total OPEB liability	436,512	451,598	596,580
<b>Total OPEB liability - beginning</b>	<u>6,691,019</u>	<u>7,127,531</u>	<u>7,579,129</u>
<b>Total OPEB liability - ending</b>	<u>7,127,531</u>	<u>7,579,129</u>	<u>8,175,709</u>
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	-	-	-
Contributions - employee	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of employee contributions	-	-	-
Administrative expenses	-	-	-
Other	-	-	-
Net change in plan fiduciary net position	-	-	-
<b>Plan fiduciary net position - beginning</b>	-	-	-
<b>Plan fiduciary net position - ending</b>	-	-	-
<b>Net OPEB liability - ending</b>	<u>\$ 7,127,531</u>	<u>\$ 7,579,129</u>	<u>\$ 8,175,709</u>
Plan fiduciary net position as a percentage of total OPEB liability	0%	0%	0%
Covered payroll	\$ 9,723,726	\$ 10,099,670	\$ 9,156,347
Net OPEB liability as a percentage of covered payroll	73%	75%	89%

This schedule is intended to show information for 10 years. Since fiscal year 2017 was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

GASB 75 was implemented for the fiscal year ended December 31, 2017. No information prior to December 31, 2017 is available. The actuarial study is performed annually. The actuarial method used in the Schedule of Funding Progress of Other Post-Employment Benefits is disclosed in Notes to the Financial Statements Note 6.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Snohomish Health District's discussion and analysis offers readers of the District's financial statements a narrative overview and analysis of the District's financial activities for the fiscal year ended December 31, 2019. Readers are encouraged to consider the information presented here in combination with the information furnished in the basic financial statements and required supplemental information.

### **FINANCIAL HIGHLIGHTS**

- As reported on its Statement of Net Position, the District's total liabilities and deferred inflows exceeded its total assets and deferred outflows at December 31, 2019, resulting in a negative net position of \$3,054,338.
- The District's combined fund balances decrease by \$575,483 in 2019. As of December 31, 2019 the District's governmental activities reported combined ending fund balance of \$8,028,257.

The District's general fund is the main operating fund of the District. This fund accounts for all financial resources except those accounted for in the special revenue and fiduciary funds.

The Public Health Emergency Preparation and Response special revenue fund accounts for activity relating to the District's role as the lead agency for the emergency preparedness and response activities in Washington State's Public Health Emergency Planning Region 1-North. This region includes Snohomish, Skagit, Whatcom, San Juan and Island Counties.

The District's Fiduciary Fund are fund held in trust related to the District's flexible benefit plan.

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

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. These financial statements have the following three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

#### **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private sector business. The governmental activities of Snohomish Health District include a full range of public health services.

## Capital Asset Activity

A schedule summarizing capital asset activity and the District's capitalization policies are provided in Financial Statement Note 1 F(5). The District's total investment in capital assets is \$3,304,024 net of accumulated depreciation at the end of 2019. The investment in capital assets includes land, buildings, improvements, equipment, furniture and vehicles. The increase in the net investment in capital assets is due to the replacement of the HVAC system \$420,849, less the current year's depreciation of \$268,996 and less the loss on disposal of the HVAC of \$122,079 and other retired assets of \$5,501.

The Rucker Building – The District purchased the land and building at 3020 (Rucker Building), in Everett, Washington in 1990.

The District continues to account for the Rucker Building as a capital asset with no outstanding debt, or shared equity.

In January 2017, the District listed the Rucker Building for sale and the City of Everett contracted to purchase the building for \$8,500,000 in September 2017. The District contracted to purchase another property located at 2802 Broadway and 2801 Lombard Avenue for \$4,200,000. After due diligence was completed on both buildings in March 2018, it was mutually agreed that was not feasible to continue with the purchase/sale of the properties and the offers were rescinded and the District cancelled the sale listing.

During 2019 and continuing into 2020, a Rucker Building Task Force consisting of staff and Board of Health members was convened to evaluate and make recommendations for future use of the building. As of the report date, the focus has shifted from potential sale of the building to planning for reducing the footprint of the Health District staff and performing overdue repairs and maintenance with the intent to rent out currently unused space of approximately 9,700 square feet of the total building square footage of 38,000 (25%).

## Statement of Net Position

The statement of net position presents information on all of the District's assets, deferred outflows, liabilities, and deferred inflows, with the net difference among these items reported as net position. This statement serves a purpose similar to that of the balance sheet of a private-sector business. Over time, increases or decreases in net position may serve as a useful indicator of changes in the District's financial position.

The District's liabilities and deferred inflows exceeded its assets and deferred outflows by the amount of \$3,054,448 at December 31, 2019. This is a \$694,773 increase over the net position of negative \$3,749,222 reported as of December 31, 2018.

The District adopted GASB Statement No. 75 in 2017, 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.



# EXHIBIT A

The following presents the District's condensed comparative statement of net position as of December 31, 2019 and 2018

## Governmental Activities

	2019	2018
Current assets	\$ 11,087,123	\$ 11,280,648
Capital assets (net of depreciation)	3,304,024	3,279,750
Total assets	14,391,147	14,560,398
Deferred Outflows	835,377	831,999
Current liabilities	3,209,156	2,978,179
Long-term liabilities	12,795,704	14,036,925
Total liabilities	16,004,860	17,015,104
Deferred Inflows		2,126,516
Net Position:		
Invested in capital assets	3,304,024	3,279,751
Restricted	265,664	250,037
Unrestricted	(6,624,136)	(7,279,010)
<b>Total Net Position</b>	<b>\$ (3,054,448)</b>	<b>\$ (3,749,222)</b>

## Statement of Activities

The statement of activities details how the District's net position changed during 2019. All changes in net position are reported using the accrual basis of accounting, similar to the method used by most private-sector companies. The following presents the District's condensed comparative statement of activities for the years ending December 31, 2019 and 2018:

	2019	2018
Program Revenues		
Charges for Services	\$ 7,657,758	\$ 7,751,386
Operating Grants & Contributions	3,880,932	4,656,417
General Revenues		
Grants & Contributions not restricted to specific programs	4,222,183	4,485,491
Interest and investment earnings	219,044	160,313
Miscellaneous	423,264	420,517
Total Revenues	16,403,180	17,474,124
Program Expenses		
Public Health	15,708,407	16,430,669
Total Expenses	15,708,407	16,430,669
Change in Net Position	694,773	1,043,455
Prior Period Adjustment	-	(89,078)
Net Position Beginning	(3,749,222)	(4,703,598)
<b>Net Position Ending</b>	<b>\$ (3,054,448)</b>	<b>\$ (3,749,222)</b>

The accrual basis of accounting requires that revenues be reported when they are earned and expenses are reported when the goods and services are received, regardless of the timing of the cash flow. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, e.g., accounts receivable.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Snohomish Health District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal activities. All of the funds of the District are classified as governmental funds.

### **Governmental Funds**

The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances present columns of financial data for the General Fund and Public Health Emergency Preparedness and Response Fund (PHEPR). The General Fund is considered to be a major fund based on criteria established by GASB Statement No. 34. GASB Statement No. 34 defines a major fund as a fund whose assets, liabilities, revenues or expenditures comprise 1) at least 10 percent of the total dollar amount of the same category within either all government or all enterprise funds, as appropriate, and 2) at least 5 percent of the total dollar amount of all governmental and enterprise funds combined for the same category. The General Fund is always considered a major fund.

The District adopts an annual budget for its General Fund and Special Revenue Fund.

A budgetary comparison of revenues, expenditures, and changes in fund balances is provided for the General Fund and the Special Revenue fund to demonstrate compliance with budget.

### **Budget Variances in the General Fund**

The District receives grants and other funding from various governmental agencies, each having its own schedule of multi-year grants, associated renewals and variations in funding levels.

In 2019, total revenues were below the budget by \$274,510 and expenditures were below budget by \$278,760 which primarily consisted of unspent funds for labor and other services and charges.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements in this report.

## EXHIBIT A

## Snohomish Health District

## SCHEDULE OF STATE FINANCIAL ASSISTANCE (unaudited)

For Fiscal Year ended December 31, 2019

Grantor	Program Title	Identificaton Number	Amount
State Grant from Department of Ecology			
	Water Well Construction	C1600018	28,345
	Solid Waste Grant	W2RLSWFA-1719-SHD-00041	77,649
	Local Source Control Specialist	C2000026	224,417
Sub-total:			330,411
State Grant from Other State Agencies			
	County Public Health Assistance	N/A	3,433,291
	Youth Marijuana Prevention	201711028	32,572
	Per Capita Funding	N/A	501,618
	Tuberculosis	N/A	1,600,000
	Surface Water Management	N/A	6,687
	Interlocal Agreements	N/A	287,274
Sub-total:			5,861,442
State Grant from Department of Health			
	AIDS Prevention & Education	CLH18261	96,572
	Healthy Comm Tobacco Prevention	CLH18261	78,747
	Children with Spec Health Care Needs	CLH18261	10,675
	Small OSS LHJ Contracts	CLH18261	15,000

## EXHIBIT A

Grantor	Program Title	Identificaton Number	Amount
	EHP Shellfish	CLH18261	5,679
	FPHS Funding for LHJs Dir	CLH18261	218,752
	West Nile Virus Surveillance	CLH18261	4,980
Sub-total:			430,405
Grand total:			6,622,258

## EXHIBIT A

**Snohomish Health District  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2019**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA 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	CLH18261	711,050	-	711,050	-	Note 3
<b>SNAP Cluster</b>								
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via Washington State University)	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	132429- G003812	10,296	-	10,296	-	Note 3
<b>Total SNAP Cluster:</b>				<b>10,296</b>	<b>-</b>	<b>10,296</b>	<b>-</b>	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via Washington State Department of Health)	WIC Farmers' Market Nutrition Program (FMNP)	10.572	CLH18261	2,415	-	2,415	-	Note 3
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	Public Health Emergency Preparedness	93.069	CLH18261	662,694	-	662,694	-	Note 3
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	CLH18261	98,489	-	98,489	-	Note 3

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

## EXHIBIT A

**Snohomish Health District  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2019**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA 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	CLH18261	108,295	-	108,295	-	Note 3
HEALTH RESOURCES AND SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF	Telehealth Programs	93.211	G25RH33000	-	60,412	60,412	-	Note 3
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	Immunization Cooperative Agreements	93.268	CLH18261	151,194	-	151,194	-	Note 3
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	Viral Hepatitis Prevention and Control	93.270	CLH18261	5,671	-	5,671	-	Note 3
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	PPHF 2018: Office of Smoking and Health- National State-Based Tobacco Control Programs-Financed in part by 2018 Prevention and Public Health funds (PPHF)	93.305	CLH18261	52,926	-	52,926	9,467	Note 3

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

## EXHIBIT A

**Snohomish Health District  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2019**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA 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)	Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	CLH18261	251,933	-	251,933	-	Note 3
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	CLH18261	25,614	-	25,614	2,962	Note 3
<b>Medicaid Cluster</b>								
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health and Human Services)	Medical Assistance Program	93.778	K2297	53,951	-	53,951	-	Note 3
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health and Human Services)	Medical Assistance Program	93.778	K3079	111,756	-	111,756	-	Note 3
<b>Total Medicaid Cluster:</b>				<b>165,707</b>	<b>-</b>	<b>165,707</b>	<b>-</b>	

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

## EXHIBIT A

**Snohomish Health District  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2019**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
IMMED OFFICE OF THE SECRETARY OF HEALTH AND HUMAN SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	93.817	CLH18261	8,117	-	8,117	-	Note 3
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	CLH18261	200,000	-	200,000	-	Note 3
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	CLH18261	75,890	-	75,890	-	Note 3
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	Preventive Health and Health Services Block Grant	93.991	CLH18261	444,966	-	444,966	-	Note 3
<b>Total Federal Awards Expended:</b>				<b>2,975,257</b>	<b>60,412</b>	<b>3,035,669</b>	<b>12,430</b>	

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



**Snohomish Health  
District**

**Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2019**

Note 1 – Basis of Accounting

This Schedule is prepared on the same basis of accounting as the District's financial statements. The District uses the modified accrual basis of accounting.

Note 2 – Program Costs

The amounts 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, as applicable, either the cost principles in the OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 – Indirect Cost Rate

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

The amount expended includes the following amounts claimed as indirect cost recovery:

- \$237,858 for Administrative Direct and the Public Health Emergency Preparedness and Response (PHEPR) programs
- \$629,060 for Prevention Services programs
- \$0 for Environmental Health programs

The applicable indirect cost recovery rates are as follows:

- 30.37% for Administrative Direct and the Public Health Emergency Preparedness and Response (PHEPR) programs
- 53.63% for Prevention Services programs
- 38.60% for Environmental Health programs

MCAG NO.1446

**Snohomish Health District  
(City/County/District)**

Schedule 19

**Labor Relations Consultant(S)  
For the Year Ended December 31, 2019**

Has your government engaged labor relations consultants? ☒ Yes ☐ No

If yes, please provide the following information for each consultant:

Name of firm: Summit Law
Name of consultant: varies, see Terms & Conditions
Business address: 315 Fifth Avenue South, Suite 1000, Seattle, WA 98104
Amount paid to consultant during fiscal year: \$26,440
<u>Terms and conditions, as applicable, including:</u>  District will be charged \$18,000/year for "hotline" type services to be billed in quarterly installments of \$4,500. For services beyond the day-to-day "hotline" advice, the hourly rate listed below will be billed.  <u>Rates (e.g., hourly, etc.)</u>  Rachel Curtis \$255/hour Laura Davis \$240/hour Kristin Anger \$315/hour Rod Younker \$315/hour  <u>Maximum compensation allowed</u>  Not Specified  <u>Duration of services</u>  2019 – 2020  <u>Services provided</u>  Negotiate labor agreements with each of the bargaining units within the District. Will also address incidental negotiations that may be required.  Represent the District in grievance mediation/arbitration with unions, in defense of charges filed against the District with administrative agencies regulating labor and employment matters, or in court actions involving labor or employment issues.  Provide training to address supervisory issues as determined by the District. Assist with routine communications with the District's bargaining agents to anticipate/resolve issues that arise.

MCAG 1446

Schedule 21

**SNOHOMISH HEALTH DISTRICT  
Local Government Risk Assumption  
For the Year Ended December 31, 2019**

1. Self-Insurance Program Manager: **Pamela Aguilar, Human Resources Manager**

2. Manager Phone: **425-339-8690**

3. Manager Email: **paquilar@snohd.org**

4. How do you insure property and liability risks, if at all?

- ☐ a. Self-insure some or all risks
- ☐ b. Belong to a public entity risk pool
- ☒ c. Purchase private insurance
- ☐ d. No insurance

5. How do you provide health and welfare insurance (e.g., medical, dental, prescription drug, and/or vision benefits) to employees, if at all?

- ☐ a. Self-insure some or all benefits
- ☒ b. Belong to a public entity risk pool
- ☐ c. All benefits provided by health insurance company or HMO
- ☐ d. Not applicable - no such benefits offered

6. How do you insure unemployment compensation benefits, if any?

- ☒ a. Self-insured ("Reimbursable")
- ☐ b. Belong to a public entity risk pool
- ☐ c. Pay taxes to the Department of Employment Security ("Taxable")
- ☐ d. Not applicable – no employees

7. How do you insure workers compensation benefits, if any?

- ☐ a. Self-insured ("Reimbursable")
- ☐ b. Belong to a public entity risk pool
- ☒ c. Pay premiums to the Department of Labor and Industries
- ☐ d. Not applicable – no employees

8. How do you insure other risks and obligations, if any?

- ☐ a. Self-insure some or all other risks
- ☐ b. Belong to a public entity risk pool
- ☐ c. Purchase private insurance
- ☒ d. Not applicable – have no other insurable risks

EXHIBIT A

9. Does the local government self-insure any risks as an individual program? **\_\_YES\_\_**

If answered YES, does the local government allow another separate legal entity into its self-insurance program(s)? **\_\_NO\_\_**

If so, list the other entity or entities: **\_\_Not Applicable\_\_**

10. Does the local government self-insure any risks as a joint program? **\_\_NO\_\_**

If answered YES, list the other member(s): **\_\_Not Applicable\_\_**

11. Are any claims administered by contract with a third-party administrator? **\_\_NO\_\_**

12. Did the local government (or its third party administrator, if applicable) receive a claims audit within the last three years? **\_\_NO\_\_**

13. Were the program's revenues sufficient to cover the program's expenses? **\_\_YES\_\_**

14. Did the program use an actuary to determine its liabilities? **\_\_NO\_\_**

15. For each type of self-insured risk, describe the risk, the number of claims received during the period, the number of claims paid during the period and the amount of claims paid in the following table:

Description of Risk Type	Number of claims received in 2019	Number of claims paid during 2018	Total amount of claims paid during 2018
Unemployment Benefits	6	6	\$53,002