

ANNUAL REPORT CERTIFICATION

Snohomish Health District
(Official Name of Government)

1446
MCAG No.

Submitted pursuant to RCW 43.09.230 to the Washington State Auditor's Office

For the Fiscal Year Ended 12/31/2018

GOVERNMENT INFORMATION:

Official Mailing Address	<u>3020 Rucker Ave</u>
	<u>Everett, WA 98201-3900</u>
Official Website Address	<u>www.snohd.org</u>
Official E-mail Address	<u>tkellogg@snohd.org</u>
Official Phone Number	<u>(425) 339-8696</u>

AUDIT CONTACT or PREPARER INFORMATION and CERTIFICATION:

Audit Contact or Preparer Name and Title	<u>Tracey Kellogg Finance Manager</u>
Contact Phone Number	<u>(425) 339-8696</u>
Contact E-mail Address	<u>tkellogg@snohd.org</u>

I certify 29th day of May, 2019, that annual report information is complete, accurate and in conformity with the Budgeting, Accounting and Reporting Systems Manual, to the best of my knowledge and belief, having reviewed this information and taken all appropriate steps in order to provide such certification. I acknowledge and understand our responsibility for the design and implementation of controls to ensure accurate financial reporting, comply with applicable laws and safeguard public resources, including controls to prevent and detect fraud. Finally, I acknowledge and understand our responsibility for immediately submitting corrected annual report information if any errors or an omission in such information is subsequently identified.

Signatures

Tracey Kellogg (tkellogg@snohd.org)

SNOHOMISH HEALTH DISTRICT**Statement of Net Position**

December 31, 2018

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 1,773,712
Investments	8,252,173
Receivables, net	1,183,430
Inventory	-
Prepayments	130,124
Capital assets:	
Land (non-depreciable)	600,000
Building, net of accumulated depreciation	2,199,552
Other, net of accumulated depreciation	480,198
Total Assets	<u>\$ 14,619,189</u>
Deferred Outflows of Resources	
Pension Items (see Note 4)	\$ 831,999
Total Deferred Outflows of Resources	<u>\$ 831,999</u>
Liabilities	
Accounts Payable	\$ 591,188
Other Accrued Liabilities	631,902
Revenue Collected in Advance	1,465,902
Deposits	1,700
Compensated absences:	
Due within one year	301,271
Due after one year	1,404,900
Pension Liability - due after one year	5,052,896
Net OPEB obligation - due after one year	7,579,129
Total Liabilities	<u>\$ 17,028,888</u>
Deferred Inflows of Resources	
Pension Items (see Note 4)	\$ 2,126,516
Total Deferred Inflows of Resources	<u>\$ 2,126,516</u>
Net Position	
Net Investment in Capital Assets	\$ 3,279,751
Prior Period Adjustment to Capital Assets	89,078
Restricted	250,037
Unrestricted	(7,234,003)
Total Net Position	<u>\$ (3,615,137)</u>

The accompanying notes are an integral part of this statement.

SNOHOMISH HEALTH DISTRICT

Statement of Activities

For the Year Ended December 31, 2018

Function/Program	Program Revenues			Net (Expense) Revenue and Changes in Net Position Total Governmental Activities
	Expenses	Charges for Service	Operating Grants & Contributions	
Primary Government:				
Public Health	\$ 16,385,663	\$ 7,751,386	\$ 4,656,418	\$ (3,977,859)
Total Governmental Activities	\$ 16,385,663	\$ 7,751,386	\$ 4,656,418	\$ (3,977,859)
General revenues:				
Grants & Contributions not restricted to specific programs				4,485,491
Interest and investment earnings				160,313
Miscellaneous				420,517
Total General Revenues				5,066,320
Change in Net Position				1,088,461
Net Position Beginning				\$ (4,703,598)
Net Position Ending				\$ (3,615,137)

The accompanying notes are an integral part of this statement.

SNOHOMISH HEALTH DISTRICT

Balance Sheet

Government Funds

December 31, 2018

	General Fund	Public Health Emergency Preparedness and Response	Total All Governmental Funds
Assets and Deferred Outflows of Resources			
Cash and Cash equivalents	\$ 1,773,712	\$ -	\$ 1,773,712
Investments	8,252,173	-	8,252,173
Receivables, net	1,097,818	85,612	1,183,430
Interfund Receivable	75,435	-	75,435
Inventory	-	-	-
Prepayments	130,124	-	130,124
Total Assets	<u>\$ 11,329,262</u>	<u>\$ 85,612</u>	<u>\$ 11,414,874</u>
Deferred Outflows of Resources	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 11,329,262	\$ 85,612	\$ 11,414,874
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Accounts Payable	\$ 589,695	\$ 1,493	\$ 591,188
Interfund Payable	-	75,435	75,435
Other Liabilities	623,218	8,684	631,902
Revenue Collected in Advance	1,465,902	-	1,465,902
Security Deposits	1,700	-	1,700
Total Liabilities	2,680,515	85,612	2,766,127
Deferred Inflows of Resources	-	-	-
Fund Balances			
Non-Spendable	130,124	-	130,124
Restricted	250,037	-	250,037
Unassigned	8,268,586	-	8,268,586
Total Fund Balances	8,648,747	-	8,648,747
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 11,329,262</u>	<u>\$ 85,612</u>	<u>\$ 11,414,874</u>

Reconciliation to the Statement of Net Position:

Total Fund Balances, per above **\$ 8,648,747**

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	3,279,751
2017 Adjustment to Net Fixed Assets Posted to 2018	89,078
Deferred outflows pertaining to pension activity, not reported in the funds	831,999
Deferred inflows pertaining to pension activity, not reported in the funds	(2,126,516)
Liabilities for compensated absences due and payable later than the end of the current period, not reported in the funds	(1,706,170)
Liabilities for net other post employee benefits (OPEB) due and payable later than the current period, not reported in the funds	(7,579,129)
Liabilities for pensions due and payable later than the end of the current period, not reported in the funds	(5,052,896)

Total Net Position, per Statement of Net Position **\$ (3,615,137)**

The accompanying notes are an integral part of this statement.

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

For the Year Ended December 31, 2018

	General Fund	Public Health Emergency Preparedness and Response	Total Governmental Funds
Revenues			
Licenses and Permits	\$ 4,008,199	\$ -	\$ 4,008,199
Intergovernmental	10,306,797	739,570	11,046,367
Charges for Services	1,838,729	-	1,838,729
Miscellaneous	580,829	-	580,829
Total Revenues	<u>\$ 16,734,554</u>	<u>\$ 739,570</u>	<u>\$ 17,474,124</u>
Expenditures			
Personnel Services	\$ 13,475,641	\$ 556,322	\$ 14,031,963
Supplies	227,226	2,620	229,846
Other Services and Charges	2,573,440	210,969	2,784,409
Capital Outlay	-	-	-
Total Expenditures	<u>\$ 16,276,307</u>	<u>\$ 769,911</u>	<u>\$ 17,046,218</u>
Excess (deficiency) of revenues over (under) expenditures	458,247	(30,341)	427,906
Other Financing Sources (Uses)			
Transfers In	-	30,341	30,341
Transfers Out	(30,341)	-	(30,341)
Proceeds from Sale of Capital Assets	-	-	-
Total other financing sources (uses)	(30,341)	30,341	-
Net Change in Fund Balances	427,906	(0)	427,906
Fund Balance as of January 1, 2018	8,220,841	-	8,220,841
Fund Balance as of December 31, 2018	<u>\$ 8,648,747</u>	<u>\$ (0)</u>	<u>\$ 8,648,747</u>

Reconciliation to the Statement of Activities:

Net Change in Fund Balances, per above **\$ 427,906**

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	(628,800)
Increase (decrease) to deferred outflows for pension activities	(154,435)
Decrease (increase) to the liability for compensated absences	131,139
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	-
Less current year depreciation	(249,620)
Decrease (increase) to the liability for the net OPEB obligation	(451,598)
Decrease (increase) to the liability for pensions	2,013,869
Change in Net Position, per Statement of Activities	<u><u>\$ 1,088,461</u></u>

The accompanying notes are an integral part of this statement.

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, 2018. 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, 2018, resulting in a negative net position of \$3,615,137.
- The District's combined fund balances increased by \$427,906 in 2018. As of December 31, 2018 the District's governmental activities reported combined ending fund balance of \$8,648,747.

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 fund.

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.

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 Note 1 F(6). The District's total investment in capital assets is \$3,279,750, net of accumulated depreciation, at the end of 2018. The investment in

capital assets includes land, buildings, improvements, equipment, furniture and vehicles. The decrease to capital assets in the amount of \$338,698 depreciation in the amount of \$249,620, and a prior period adjustment of \$89,078 as discussed below.

During the 2017 audit, it was discovered that a new roof for the Rucker Building was capitalized in error in 2010. The District corrected this capitalization error in 2018 and removed \$166,512 from the Buildings asset and \$58,279 of related accumulated depreciation. The District also made corrections in 2018 for incorrect calculation of 2017 depreciation expense for assets acquired part way through 2017, totaling \$19,155. The net prior period adjustment is \$89,078.

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.

As of the report date, a final review by the Board of Health of available options for the continued ownership, sale or lease of the Rucker Building has not been completed.

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 \$3,615,137 at December 31, 2018. This represents a \$1,088,461 increase over the District's net position of negative \$4,703,598 at December 31, 2017.

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.

The following presents the District's condensed comparative statement of net position as of December 31, 2018 and 2017:

Governmental Activities

	2018	2017
Current assets	\$ 14,619,189	\$ 10,848,114
Capital assets (net of depreciation)	3,279,751	3,618,448
Total assets	<u>17,898,940</u>	<u>14,466,562</u>
Deferred Outflows	831,999	986,434
Current liabilities	2,991,963	2,949,733
Long-term liabilities	14,036,925	15,709,147
Total liabilities	<u>17,028,888</u>	<u>18,658,880</u>
Deferred Inflows	2,126,516	1,497,716
Net Position:		
Invested in capital assets	3,279,751	3,618,449
Prior Period Adjustment to Capital Assets	89,078	
Restricted	250,037	
Unrestricted	(7,234,003)	(8,322,047)
Total Net Position	<u>\$ (3,615,137)</u>	<u>\$ (4,703,598)</u>

Statement of Activities

The statement of activities details how the District's net position changed during 2018. 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, 2018 and 2017:

	2018	2017
Program Revenues		
Charges for Services	\$ 7,751,386	\$ 7,601,411
Operating Grants & Contributions	4,656,418	4,080,493
General Revenues		
Grants & Contributions not restricted to specific programs	4,485,491	4,467,491
Interest and investment earnings	160,313	64,507
Miscellaneous	420,517	234,402
Total Revenues	17,474,124	16,448,304
Program Expenses		
Public Health	16,385,663	16,037,154
Total Expenses	16,385,663	16,037,154
Change in Net Position	1,088,461	411,150
Net Position Beginning	(4,703,598)	(5,114,748)
Net Position Ending	\$ (3,615,137)	\$ (4,703,598)

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 2018, total revenues slightly exceeded this budget by \$89,506 and expenditures were significantly below budget by \$289,275 which primarily consisted of unspent funds for information technology services and supplies.

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.

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.

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 Administrator 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. There were no budget amendments in 2018.

E. Assets, Liabilities and Equities

(1) Cash and Cash Equivalents

At December 31, 2018 the District held \$1,773,712 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, 2018, the Snohomish County Treasurer held \$8,252,173 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) Inventories

The cost of expendable supplies held for consumption by the general and special revenue funds is recorded as expenditure at the time the individual items are purchased. Vaccine received in lieu of cash from the State of Washington consolidated contract, and which remains unused at year end, is reported on the Statement of Position and Balance Sheet as Inventory at year end. Inventories of vaccine are valued at cost. As of December 31, 2018, the vaccine inventory has been fully expended and has a zero balance.

(4) Receivables

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

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

These accounts include all inter-fund receivables and payables.

(6) 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 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:

	Beginning Balance 1/1/2018	Additions & Transfers	Prior Period Adjustments	Deletions	Ending Balance 12/31/2018
Capital Assets					
Land	\$ 600,000				\$ 600,000
Buildings	7,565,606		(166,512)		7,399,094
Improvements	738,573				738,573
Computer Software	32,301				32,301
Equipment	915,383				915,383
Furniture	558,110				558,110
Vehicles	701,309			(13,541)	687,768
Capitalized Work In Process	-				-
Total Capital Assets	\$11,111,282	\$ -	\$ (166,512)	\$ (13,541)	\$10,931,229
Less Accumulated Depreciation					
Buildings	\$ (5,118,061)	\$ (140,267)	\$ 58,787		\$ (5,199,541)
Improvements	(509,257)	(31,851)	5,881		(535,227)
Computer Software	(3,589)	(10,767)	(1,795)		(16,151)
Equipment	(756,887)	(31,980)	1,966		(786,901)
Furniture	(498,320)	(9,564)			(507,884)
Vehicles	(606,719)	(25,191)	12,595	13,541	(605,774)
Total Accumulated Depreciation	\$ (7,492,833)	\$ (249,620)	\$ 77,434	\$ 13,541	\$ (7,651,478)
Capital Assets, Net	\$ 3,618,449	\$ (249,620)	\$ (89,078)	\$ -	\$ 3,279,751

Depreciation totaled \$249,620 for the year ended December 31, 2018 and is expensed to functions and programs of the primary government as Public Health.

During the 2017 audit it was discovered that a new roof for the Rucker Building was capitalized in error in 2010. The District corrected this capitalization error in 2018 and removed \$166,512 from the Buildings asset and \$58,279 of related accumulated depreciation. The District also made corrections in 2018 for incorrect calculation of 2017 depreciation expense for assets acquired part way through 2017, totaling \$19,155. The net prior period adjustment is \$89,078.

(7) 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, 2018 is \$783,013.

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, 2018 is \$909,275.

Eligible employees may accrue compensatory time in lieu of overtime pay. The liability for compensatory time at December 31, 2018 is \$13,883.

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.

(8) Other Accrued Liabilities

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

(9) 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, 2018, the District had non-spendable funds of \$130,124 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, 2018, the District has \$250,037 of restricted funds for grant revenues for the North Sound Accountable Community of Health (\$138,500) and the Kresge (\$111,537) grants that were unspent at the end of 2018 and expected to be expended in 2019.
- 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:
 - \$2,179,243 for 45 days of the expenditure budget for working capital
 - \$500,000 emergency fund
 - \$134,822 unspent insurance recoveries from 2015 water damage to the Rucker Building

At December 31, 2018, these amounts are included in the unassigned fund balance of \$8,268,586.

- f) 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.

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 2018:

Aggregate Pension Amounts – All Plans	
Pension liabilities	\$(5,052,896)
Pension assets	\$0
Deferred outflows of resources	\$831,998
Deferred inflows of resources	\$(2,126,517)
Pension expense/expenditures	\$28,621

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.

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 2018 were as follows:

PERS Plan 1			
Actual Rates	Contribution	Employer	Employee*
January – August 2018			
PERS Plan 1		12.52%	6.00%
PERS Plan 1 UAAL		0.00%	
Administrative Fee		0.18%	
Total		12.70%	6.00%
September – December 2018			
PERS Plan 1		12.65%	6.00%
PERS Plan 1 UAAL		0.00%	
Administrative Fee		0.18%	
Total		12.83%	6.00%

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

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

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

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

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2018 were as follows:

PERS Plan 2/3		
Actual Contribution Rates	Employer 2/3	Employee 2*
January – August 2018		
PERS Plan 2/3	7.49%	7.38%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.70%	7.38%
September – December 2018		
PERS Plan 2/3	7.52%	7.41%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.83%	7.41%

The District's actual PERS plan contributions were \$521,053 to PERS Plan 1 and \$738,202 to PERS Plan 2/3 for the year ended December 31, 2018.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2018 with a valuation date of June 30, 2017. 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 2017 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2018. Plan liabilities were rolled forward from June 30, 2017, to June 30, 2018, 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.

- Lowered the valuation interest rate from 7.70% to 7.50% for all systems except LEOFF 2. For LEOFF 2 the valuation interest rate was lowered from 7.50% to 7.40%.
- Lowered the assumed general salary growth from 3.75% to 3.50% for all systems.
- Lowered assumed inflation from 3.00% to 2.75% for all systems.
- Modified how the valuation software calculates benefits paid to remarried duty-related death survivors of LEOFF 2 members.
- Updated the trend that the valuation software uses to project medical inflation for LEOFF 2 survivors of a duty-related death, and for certain LEOFF 2 medical-related duty disability benefits.

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 except LEOFF 2, which has assumed 7.4 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, PSERS 2, SERS 2/3, and TRS 2/3

employers, whose rates include a component for the PERS 1, and TRS 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, 2018, 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%	1.70%
Tangible Assets	7%	4.90%
Real Estate	18%	5.80%
Global Equity	32%	6.30%
Private Equity	23%	9.30%
	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 7.4 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	\$4,225,414	\$3,438,266	\$2,756,436
PERS 2/3	\$7,385,357	\$1,614,630	\$(3,116,721)

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, 2018, the District's reported a total pension liability of \$5,052,896 for its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	\$3,438,266
PERS 2/3	\$1,614,630

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

	Proportionate Share 6/30/17	Proportionate Share 6/30/18	Change in Proportion
PERS 1	0.078255%	0.076987%	-0.001268%
PERS 2/3	0.096517%	0.094566%	-0.001951%

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 Non-Employer Allocations* for PERS 1 and PERS 2/3.

The collective net pension liability (asset) was measured as of June 30, 2018, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2017, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2018, the District recognized pension expense as follows:

	Pension Expense
PERS 1	\$240,757
PERS 2/3	\$(212,136)
TOTAL	\$28,621

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS Plan 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$0	\$0
Net difference between projected and actual investment earnings on pension plan investments	\$0	\$(136,635)
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	\$255,511	\$0
TOTAL	\$255,511	\$(136,635)

PERS Plan 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$197,911	\$(282,692)
Net difference between projected and actual investment earnings on pension plan investments	\$0	\$(990,812)
Changes of assumptions	\$18,888	\$(459,511)
Changes in proportion and differences between contributions and proportionate share of contributions	\$0	\$(256,867)
Contributions subsequent to the measurement date	\$359,687	\$0
TOTAL	\$576,487	\$(1,989,882)

Combined Total for All Plans PERS Plan 1/2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$197,911	\$(282,692)
Net difference between projected and actual investment earnings on pension plan investments	\$0	\$(1,127,447)
Changes of assumptions	\$18,888	\$(459,511)
Changes in proportion and differences between contributions and proportionate share of contributions	\$0	\$(256,867)
Contributions subsequent to the measurement date	\$615,198	\$0
TOTAL	\$831,998	\$(2,126,517)

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, 2019. 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
2019	\$5,978
2020	\$(29,869)
2021	\$(89,629)
2022	\$(23,114)
2023	\$0
Thereafter	\$0

Year ended December 31:	PERS 2/3
2019	\$(295,429)
2020	\$(366,508)
2021	\$(625,495)
2022	\$(243,607)
2023	\$(102,152)
Thereafter	\$(139,891)

NOTE 5 – PRIOR PERIOD ADJUSTMENT – FIXED ASSETS

During the 2017 audit, it was discovered that the District had incorrectly capitalized and depreciated the cost of a new roof for the Rucker Building in 2010 and incorrectly calculated part year depreciation on new assets in 2017. The total of the prior period adjustment is \$89,078 (See Note 1E6)

NOTE 6 - OTHER POST- EMPLOYMENT BENEFITS (OPEB)

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of the Statement No. 75 of the Governmental Accounting Standards Board (GASB) Accounting and Financial Reporting for Postemployment Benefits Other Than Pension for the year 2018:

Aggregate OPEB Amounts - All Plans	
Pension liabilities	\$ (7,579,129)
Pension assets	\$ -
Deferred outflows of resources	\$ -
Deferred inflows of resources	\$ -
Pension expense/expenditures	\$ 560,566

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 establishes eligibility criteria for both active employees and retirees. Benefits purchased by 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 is 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 HCA, employers and plan members, and the historical pattern of practice with regard to the sharing of benefit costs.

The PEBB OPEB plan is funded on a pay-as-you-go basis with contributions set by the Legislature each biennium as a part of the budget process. The PEBB OPEB plan has no assets and does not issue a publicly available financial report.

The PEBB retiree OPEB plan is available to employees who elect to continue coverage and pay the administratively established premiums at the time they retire under the provisions of the retirement system to which they belong. Retirees' access to the PEBB plan depends on the retirement eligibility of their respective retirement system.

As of June 2017, membership in the PEBB plan consisted of the following:

Employees covered by benefit terms.

At December 31, 2017 (the census date), the benefit terms covered the following employees:

<u>Category</u>	<u>Count</u>
Inactive employees or beneficiaries currently receiving benefit payments:	48
Inactive employees entitled to but not yet receiving benefit payment:	0
Active employees:	139

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

Retirees who are enrolled in both Parts A and B of Medicare may participate in the state's Medicare community-rated health insurance risk pool. Medicare retirees receive an explicit subsidy in the form of reduced premiums. Annually, the HCA administrator recommends an amount for the next calendar year's explicit subsidy for inclusion in the Governor's budget. The final amount is approved by the state Legislature. In calendar year 2018, the explicit subsidy was up to \$150 per member per month, and it will increase up to \$168 per member per month in calendar year in 2019.

<u>Fiscal Year Ending:</u>	<u>Actual</u> <u>December 31, 2017</u>	<u>Projected</u> <u>December 31, 2018</u>
Expense		
1) Service Cost	\$ 318,739	\$ 330,692
2) Interest (on liabilities)	226,058	229,874
3) Interest (on assets)	-	-
4) Administrative Expenses	-	-
5) Differences between expected and actual experience	-	- (A)
6) Change in assumptions	-	- (B)
7) Differences between expected and actual earnings	-	- (C)
Total Expense	\$ 544,797	\$ 560,566

Derivation of 2017/2018 Total Expense for Items 5), 6), and 7)

5) Differences between expected and actual experience	Earned 2017	Earned 2018	Total Recognized 2018
Actual liabilities		\$ 7,579,129	
Expected liabilities	-	7,579,129	
Difference	\$ -	\$ -	\$ - (A)
6) Change in Assumptions	Earned 2017	Earned 2018	Total Recognized 2018
Liabilities after assumption change	n/a	n/a	
Liabilities before assumption change	-	n/a	
Difference	\$ -	\$ -	\$ - (B)
7) Differences between expected and actual earnings	Earned 2017	Earned 2018	Total Recognized 2018
Actual earnings	n/a	n/a	
Expected earnings (net of expenses)	-	n/a	
Difference	-	-	
Straight-line amortization over five years	\$ -	\$ -	\$ - (C)

2018 Deferred Outflows and Inflows

	<u>December 31, 2018</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
and actual earnings on OPEB plan investments	-	-
Total	\$ -	\$ -

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

<u>Year Ending December 31</u>	<u>Amount</u>
2019	\$ -
2020	-
2021	-
2022	-
2023	-

For further information on the results the actuarial valuation of the employer provided subsidies associated with the state's PEBB plan, refer to:

http://osa.leg.wa.gov/Actuarial_services/OPEB/OPEB.htm.

NOTE 7 - LONG TERM DEBT

The District's Long Term Debt consists of the Pension Liability (see Note 4), the Net OPEB Obligation (see Note 5), and the long term portion of Compensated Absences (see Note 1F(7)), as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Pension Liability	\$ 7,066,765		\$(2,013,869)	\$ 5,052,896	\$ -
Net OPEB Obligation	7,127,531	451,598		7,579,129	-
Compensated Absences	1,837,310		(131,139)	1,706,171	301,271
Total Long Term Liabilities	\$16,031,606	\$ 451,598	\$(2,145,008)	\$14,338,196	\$301,271

NOTE 8 - 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 9 - 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. Enduris was formed July 10, 1987 pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW. Two (2) counties and two (2) 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, 2018, there are 549 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 Enduris and share in the self-insured retention of the jointly purchased excess and/or reinsurance coverage. 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.

- \$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 a joint liability among the participating members.

The contract requires members to continue membership for a period of not less than one (1) 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 Enduris and are administered in house.

A Board of Directors consisting of seven (7) board members governs Enduris. 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.

Enduris did not have any claim settlements that exceeded limits in the last three years.

NOTE 10 – RELATED PARTY TRANSACTIONS

Snohomish County Council members and one elected official each from the cities of Arlington, Bothell, Darrington, Edmonds, Everett, Granite Falls, Lake Stevens, Lynnwood, Marysville, Monroe, Mukilteo, Snohomish and Stanwood serve as members of the Board of Health and have significant influence in the management of the District. In 2018, these jurisdictions provided the following funding:

Snohomish County for Communicable Disease Control	\$ 1,600,000
Snohomish County Public Health Per Capita Allotment	673,100
Snohomish County Chemical Dependency	100,000
Cities Public Health Per Capita Allotment	379,100
Total Funding	<u>\$ 2,752,200</u>

REQUIRED SUPPLEMENTARY INFORMATION

Other Post-Employment Benefits (OPEB). See also NOTE 5

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
December 31, 2018

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

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 biannually. 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.

Pension Benefits

PENSION BENEFITS

Schedule of Proportionate Share of the Net Pension Liability, as of June 30, 2018:

	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%
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%

Schedule of Employer Contributions, as of December 31, 2018:

	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	0	9,541,611	4.52%
	2016	463,314	463,314	0	9,485,224	4.88%
	2017	488,711	488,711	0	9,723,726	5.03%
	2018	521,053	521,053	0	10,025,760	5.20%
PERS Plans 2 & 3	2015	522,623	522,623	0	9,298,699	5.62%
	2016	580,061	580,061	0	9,310,790	6.23%
	2017	655,080	655,080	0	9,545,874	6.86%
	2018	738,202	738,202	0	9,844,392	7.50%

* 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.

Snohomish Health District

Schedule 01

For the year ended December 31, 2018

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
1446	010	General	3082000	Nonspendable Fund Balance - Beginning	\$202,373
1446	010	General	3085000	Assigned Fund Balance - Beginning	\$4,363,360
1446	010	General	3089000	Unassigned Fund Balance - Beginning	\$3,655,108
1446	010	General	3212000	Health	\$3,039,803
1446	010	General	3229000	Other Non-Business Licenses and Permits	\$968,396
1446	010	General	3331000	Federal Indirect Grant from Department of Agriculture	\$1,201,627
1446	010	General	3339300	Federal Indirect Grant from Department of Health and Human Services	\$1,438,684
1446	010	General	3340310	State Grant from Department of Ecology	\$342,856
1446	010	General	3340460	State Grant from Department of Social and Health Services	\$99,685
1446	010	General	3340490	State Grant from Department of Health	\$266,949
1446	010	General	3360424	County Public Health Assistance	\$3,433,291
1446	010	General	3360425	Foundational Public Health Services	\$770,205
1446	010	General	3370000	Local Grants, Entitlements and Other Payments	\$2,753,500
1446	010	General	3462000	Public Health Services	\$1,838,729
1446	010	General	3611000	Investment Earnings	\$160,313
1446	010	General	3620000	Rents and Leases	\$202,898
1446	010	General	3670000	Contributions and Donations from Nongovernmental Sources	\$17,796
1446	010	General	3699100	Miscellaneous Other	\$17,683

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
1446	170	PHEPR	3339300	Federal Indirect Grant from Department of Health and Human Services	\$739,570
1446	010	General	5620010	Public Health Services	\$11,702,894
1446	010	General	5620020	Public Health Services	\$1,772,748
1446	010	General	5620030	Public Health Services	\$227,226
1446	010	General	5620040	Public Health Services	\$2,573,440
1446	010	General	5082000	Nonspendable Fund Balance - Ending	\$130,124
1446	010	General	5085000	Assigned Fund Balance - Ending	\$2,814,065
1446	010	General	5089000	Unassigned Fund Balance - Ending	\$5,454,521
1446	010	General	5083000	Restricted Fund Balance - Ending	\$250,037
1446	170	PHEPR	5620010	Public Health Services	\$411,862
1446	170	PHEPR	5620020	Public Health Services	\$144,460
1446	170	PHEPR	5620030	Public Health Services	\$2,620
1446	170	PHEPR	5620040	Public Health Services	\$210,969
1446	010	General	8200000	Other Current assets	\$1,303,378
1446	010	General	8500000	Current Liabilities	\$2,680,516
1446	170	PHEPR	8200000	Other Current assets	\$85,612
1446	170	PHEPR	8500000	Current Liabilities	\$85,612
1446	010	General	8100000	Cash, Cash Equivalents and Investments	\$10,025,885
1446	170	PHEPR	8100000	Cash, Cash Equivalents and Investments	\$0
1446	010	General	3985000	Insurance Recoveries	\$182,138
1446	170	PHEPR	3970000	Transfers-In	\$30,341
1446	010	General	59700	Transfers-Out	\$30,341

**Snohomish Health District
Schedule of Liabilities
For the Year Ended December 31, 2018**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absences		1,837,310	-	131,139	1,706,171
264.40	Net OPEB Obligation		7,127,531	451,598	-	7,579,129
264.30	Pension Liabilities		7,066,765	-	2,013,869	5,052,896
Total Revenue and Other (non G.O.) Debt/Liabilities:			16,031,606	451,598	2,145,008	14,338,196
Total Liabilities:			16,031,606	451,598	2,145,008	14,338,196

Snohomish Health District
SCHEDULE OF STATE FINANCIAL ASSISTANCE (unaudited)
For Fiscal Year ended December 31, 2018

Grantor	Program Title	Identificaton Number	Amount
State Grant from Department of Ecology			
	Water Well Construction	C1600018	38,440
	Solid Waste Grant	W2RLSWFA-1719-SHD-00041	77,500
	Local Source Control Specialist	C1800022	226,916
			Sub-total: 342,856
State Grant from Department of Social and Health Services			
	Prevention & Early Intervention	1763-15099	99,685
			Sub-total: 99,685
State Grant from Department of Health			
	Healthy Comm Tobacco Prevention	CLH18261	83,710
	Children with Spec Health Care Needs	CLH18261	9,500
	Small OSS LHJ Contracts	CLH18261	60,000
	EHP Shellfish	CLH18261	7,245
	FPHS Funding for LHJs	CLH18261	770,205
	AIDS Prevention & Education	CLH18261	57,659
			Sub-total: 988,319
			Grand total: 1,430,860

**Snohomish Health District
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018**

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	1,126,857	-	1,126,857	-	Note 3
SNAP Cluster								
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	73,829	-	73,829	-	Note 3
Total SNAP Cluster:				73,829	-	73,829	-	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via Washington State Department of Health)	WIC Farmers' Market Nutrition Program (FMNP)	10.572	CLH18261	941	-	941	-	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	507,767	-	507,767	-	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	94,907	-	94,907	-	Note 3

The accompanying notes are an integral part of this schedule.

**Snohomish Health District
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018**

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	224,134	-	224,134	-	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	133,673	-	133,673	-	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	36,756	-	36,756	-	Note 3
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	7,377	-	7,377	-	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	53,325	-	53,325	23,573	Note 3

Medicaid Cluster

The accompanying notes are an integral part of this schedule.

**Snohomish Health District
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018**

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 MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Medical Assistance Program	93.778	K1418-01	101,508	-	101,508	-	Note 3
Total Medicaid Cluster:				101,508	-	101,508	-	
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	6,156	-	6,156	-	Note 3
IMMED OFFICE OF THE SECRETARY OF HEALTH AND HUMAN SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	National Bioterrorism Hospital Preparedness Program	93.889	CLH18261	225,647	-	225,647	-	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	204,500	-	204,500	-	Note 3

The accompanying notes are an integral part of this schedule.

**Snohomish Health District
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018**

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)	Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	CLH18261	75,899	-	75,899	-	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	447,816	-	447,816	-	Note 3
Total Federal Awards Expended:				3,321,092	-	3,321,092	23,573	

The accompanying notes are an integral part of this schedule.

**Labor Relations Consultant
For the Year Ended December 31, 2018**

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: \$45,075																							
<p>1. Terms and Conditions: Two year contract, 2017 – 2018. 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.</p> <p>2. Hourly Rate by Attorney:</p> <table style="width: 100%;"> <tr><td>Peter Altman</td><td style="text-align: right;">\$260</td></tr> <tr><td>Kristin D. Anger</td><td style="text-align: right;">\$295</td></tr> <tr><td>Michael C. Bolasina</td><td style="text-align: right;">\$295</td></tr> <tr><td>Sarah Hale</td><td style="text-align: right;">\$250</td></tr> <tr><td>Beth Kennar</td><td style="text-align: right;">\$295</td></tr> <tr><td>Otto G. Klein</td><td style="text-align: right;">\$320</td></tr> <tr><td>Sofia D. Mabee</td><td style="text-align: right;">\$295</td></tr> <tr><td>Shannon E. Phillips</td><td style="text-align: right;">\$295</td></tr> <tr><td>Bruce L. Schroeder</td><td style="text-align: right;">\$320</td></tr> <tr><td>Dan Swedlow</td><td style="text-align: right;">\$290</td></tr> <tr><td>Rodney B. Younker</td><td style="text-align: right;">\$315</td></tr> </table> <p>3. Maximum compensation allowed: Not specified.</p> <p>4. Duration of Services: 2017-2018</p> <p>5. Services Provided: Negotiate labor agreements with each of the bargaining units within the District. Will also address incidental negotiations that may be required.</p> <p>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.</p> <p>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.</p>		Peter Altman	\$260	Kristin D. Anger	\$295	Michael C. Bolasina	\$295	Sarah Hale	\$250	Beth Kennar	\$295	Otto G. Klein	\$320	Sofia D. Mabee	\$295	Shannon E. Phillips	\$295	Bruce L. Schroeder	\$320	Dan Swedlow	\$290	Rodney B. Younker	\$315
Peter Altman	\$260																						
Kristin D. Anger	\$295																						
Michael C. Bolasina	\$295																						
Sarah Hale	\$250																						
Beth Kennar	\$295																						
Otto G. Klein	\$320																						
Sofia D. Mabee	\$295																						
Shannon E. Phillips	\$295																						
Bruce L. Schroeder	\$320																						
Dan Swedlow	\$290																						
Rodney B. Younker	\$315																						

**SNOHOMISH HEALTH DISTRICT
Local Government Risk Assumption
For the Year Ended December 31, 2018**

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

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 2018	Number of claims paid during 2018	Total amount of claims paid during 2018
Unemployment Benefits	4	4	\$54,304