

# **San Juan Basin Public Health**

---

## **Annual Financial Statements and Independent Auditor's Reports**

**December 31, 2017**

**E**

**RECEIVED**

Office of the State Auditor

July 13, 2018

# Table of Contents

	Page
<b>Independent Auditor’s Reports on Financial Statements and Supplementary Information</b> .....	I-II
<b>Management’s Discussion and Analysis (Unaudited)</b> .....	III
<b>Basic Financial Statements</b>	
Statement of Net Position .....	1
Statement of Activities .....	2
Governmental Fund Balance Sheet and Reconciliation of Fund Balance to Net Position .....	3
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund .....	4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds to the Statement of Activities .....	5
Notes to Basic Financial Statements .....	6-15
<b>Required Supplementary Information</b>	
Statement of Revenue, Expenditures and Changes in Fund Balance —Actual and Budget—Governmental Fund Type—General Fund .....	16
<b>Supplementary Information</b>	
Schedule of Expenditures of Federal Awards .....	17-19
<b>Independent Auditor’s Report on Compliance on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b> .....	20
<b>Independent Auditor’s Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance</b> .....	22
<b>Schedule of Findings and Questioned Costs</b> .....	24



**Certified Public Accountants** (a professional corporation)  
1221 West Mineral Ave, Ste. 202 Littleton, Colorado 80120-4544 (303) 734-4800 Fax (303) 795-3356

## Report of Independent Certified Public Accountants

Board of Health  
San Juan Basin Public Health  
Durango, Colorado

We have audited the accompanying financial statements of the governmental activities and the major fund of San Juan Basin Public Health (SJBPH) as of and for the year ended December 31, 2017 and the related notes to the financial statements, which collectively comprise SJBPH's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Audit Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



An independently owned member  
**RSM US Alliance**



## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of San Juan Basin Public Health, as of December 31, 2017 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other-Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise San Juan Basin Public Health's financial statements as a whole. The supplementary information section is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and as also not a required part of the basic financial statements.

The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated June 28, 2018, on our consideration of SJBPH's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering SJBPH's internal control over financial reporting and compliance.



Littleton, Colorado  
June 28, 2018

# **San Juan Basin Public Health Management's Discussion and Analysis (Unaudited) December 31, 2017**

## **Introduction**

San Juan Basin Public Health (SJBPH) is a Colorado district health agency serving La Plata and Archuleta Counties, as well as contracted service to other surrounding counties. The agency is governed by a 7-member Board of Health made up of one representative County Commissioner from each member county and five non-elected members (three from La Plata County and two from Archuleta County). SJBPH is legally mandated to meet Public Health and Environment Minimum Quality Standards and Core Public Health Services as defined in the Colorado Public Health Act of 2008, C.R.S 25-1-501(2008 Act) et seq. Mandated state and county funding is needed to meet these requirements. In addition, SJBPH seeks additional support from other funding sources including Colorado Department of Public Health & Environment (CDPHE), local governments, agencies, private foundations, etc.

## **2017 Operational Highlights by Core Public Health Services**

- Assessment, Planning and Communication
  - In 2017, SJBPH launched its every-five-year Community Health Assessment, which will result in a Public Health Improvement Plan in 2018.
- Vital Records and Statistics –
  - SJBPH continues to act as the local registrar that provides birth and death certificates serving Archuleta and La Plata counties.
- Communicable Disease Prevention, Investigation and Control
  - SJBPH provides monitoring, investigating and treatment of communicable disease issues. In 2017, the agency provided a public awareness campaign in response to an increase in rabid skunks in the region. Additionally, the agency monitored an active TB case, a hantavirus case, and other communicable disease cases as part of its efforts to protect public health.
- Prevention and Population Health Promotion
  - Current SJBPH prevention and population health promotion services include sexual health and immunizations clinics, routine screenings for breast and cervical cancer, proper nutrition and heart health for infants, children and adults, support and services for moms and babies throughout pregnancy and early childhood, insurance enrollment, care coordination services, youth substance abuse initiatives and linking clients to available resources. Programs include Nurse Family Partnership, Women, Infants, and Children (WIC), Options for Long-term Care, Communities that care and a variety of care coordination programs. SJBPH partners with other health-related agencies to maximize local efforts to prevent health challenges. In 2017, SJBPH launched a community-based collective impact initiative to address suicide prevention as a direct response to feedback from local residents.
- Emergency Preparedness and Response
  - SJBPH continues to prepare for emergencies with public health and environmental health implications. In 2017 the agency responded to the Lightner Creek Fire by assisting with public health and emergency evacuation messaging.
- Environmental Health
  - Protects human and environmental health through regulation of onsite wastewater systems, water quality testing, and inspections of retail food establishments and childcare centers. As part of SJBPH's environmental health work to protect air, water, land, and ensure food safety, the agency added a radon awareness initiative to its programming in 2017.

**San Juan Basin Public Health  
Management's Discussion and Analysis (Unaudited)  
December 31, 2017  
(Continued)**

- Administration and Governance
  - SJBPH continues to build capacity to ensure the needed infrastructure and guidance to the organization to allow it to fulfill core services as directed by the state.

**Financial Highlights**

Increase in cash and cash equivalents by \$34,524, or 2%.

Increase in net position of \$141,862 in comparison to an increase in net position in 2016 of \$129,797.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to SJBPH's basic financial statements. SJBPH's financial statements have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34 and consists of (1) government-wide financial statements, (2) fund financial statements and (3) notes to financial statements.

**Government-wide Financial Statements**

The financial statements are designed to provide readers with a broad overview of SJBPH's finances in a manner similar to a for-profit business.

The statement of net position presents information on all of SJBPH's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of SJBPH is improving or deteriorating.

The statement of activities presents information showing how SJBPH's net position changed during the most recent fiscal year. All changes in net position are reported as soon as an underlying event giving rise to the change occurs, regardless of when cash is received or paid.

**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. SJBPH, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current inflows and outflows of available resources, as well as on balances of unrestricted resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term requirements.

**San Juan Basin Public Health  
Management's Discussion and Analysis (Unaudited)  
December 31, 2017  
(Continued)**

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**Government-wide Financial Analysis**

**Condensed Statement of Net Position**

SJBPH's net position is the difference between its assets and liabilities reported in the statement of net assets. SJBPH's net position increased by \$141,862, or 4%, to \$3,711,053 in 2017 over 2016.

**Table 1: Condensed Government-Wide Statement of Net Position**

	<b>December 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
Current assets	\$ 2,940,778	\$ 2,746,639
Capital assets, net	<u>1,574,081</u>	<u>1,582,264</u>
Total assets	<u>4,514,859</u>	<u>4,328,903</u>
 <b>LIABILITIES</b>		
Current liabilities	<u>516,991</u>	<u>651,068</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Unearned revenue	<u>286,815</u>	<u>108,644</u>
Total deferred inflows of resources	<u>286,815</u>	<u>108,644</u>
 <b>NET POSITION</b>		
Net investment in capital assets	1,574,081	1,582,264
Unrestricted	<u>2,136,972</u>	<u>1,986,927</u>
Total net position	<u>3,711,053</u>	<u>3,569,191</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 4,514,859</u>	<u>\$ 4,328,903</u>

**San Juan Basin Public Health  
Management's Discussion and Analysis (Unaudited)  
December 31, 2017  
(Continued)**

**Condensed Statement of Activities**

Changes in SJBPH's revenues and expenses for 2017 which lead to the increase in net position of \$141,862 are shown in Table 2.

**Table 2: Condensed Government-Wide Statement of Activities**

	<b>December 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>Revenues</b>		
Program		
Charges for services	\$ 924,728	\$ 1,017,897
Operating contracts, grants and contributions	4,471,544	4,096,331
General		
Interest	2,847	2,835
Miscellaneous	<u>215,811</u>	<u>49,582</u>
Total revenues	5,614,930	5,166,645
<b>Program Expenses</b>		
Public health	<u>5,473,068</u>	<u>5,036,848</u>
<b>Change in Net Position</b>	141,862	129,797
<b>Net Position Beginning of Year</b>	<u>3,569,191</u>	<u>3,439,394</u>
<b>Net Position End of Year</b>	<u>\$ 3,711,053</u>	<u>\$ 3,569,191</u>

2017 revenues increased by \$448,285, or 9%, due to increased intergovernmental and private funding related to new programs. As a direct result, program expenses increased 436,220 or 9%.

SJBPH continues to improve efficiencies within all programs and administrative services to continue to achieve the strategic goals of the Board of Health. Our values: Reflecting the diverse communities within which we operate and based on our organizational values of: Compassion, Health Equity, Integrity, Respect and Stewardship. In 2017, SJBPH launched its every-five-year Community Health Assessment, which will result in a Public Health Improvement Plan in 2018.

**San Juan Basin Public Health  
Management's Discussion and Analysis (Unaudited)  
December 31, 2017  
(Continued)**

**Capital Asset and Debt Administration**

**Capital Assets**

At the end of 2017, SJBPH had \$1,574,081 invested in capital assets, net of accumulated depreciation, as detailed in Note 4 to the financial statements.

**Governmental Fund Financial Analysis**

The focus of SJBPH's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing SJBPH's financing requirements. In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2017, SJBPH's general fund reported an ending fund balance of \$2,283,119, an increase of \$162,200 or 8%, in comparison to the prior year.

**Analysis of Significant Budget Variances**

Historically, SJBPH has had to adapt to meet the changing community needs. Demands for service and variations in revenue from fees, grants and contracts is a constant challenge. Utilizing state and county public health support funds, SJBPH has been able to assure continuation of essential programs. SJBPH is legally mandated by the State of Colorado to provide certain services that are not necessarily funded. Budget variances were due largely to unspent salaries and benefits, offset by capital outlay and operating expenses.

**Economic Factors**

SJBPH is continually adapting to the dynamic economic landscape. State and county funding has remained consistent, while the cost of providing community services has increased. The financial statements have been prepared using values and information currently available to SJBPH.

**Contacting SJBPH's Financial Management**

This financial report is designed to provide a general overview of SJBPH's finances and to show SJBPH's accountability for the money it receives. Questions about this report and requests for additional financial information should be directed to the Deputy Director, Administrative Services, at 281 Sawyer Drive, Durango, Colorado 81303.

## **Basic Financial Statements**

**San Juan Basin Public Health**  
**Statement of Net Position**  
**December 31, 2017**

<b>Current Assets</b>	
Cash and cash equivalents	\$ 2,021,503
Accounts receivable, net	689,832
Other current assets	114,339
Restricted cash	<u>115,104</u>
Total current assets	2,940,778
<b>Capital Assets, Net</b>	
	<u>1,574,081</u>
Total assets	<u><u>\$ 4,514,859</u></u>
<b>Current Liabilities</b>	
Accounts payable	\$ 74,694
Accrued payroll and other	<u>442,297</u>
Total current liabilities	<u>516,991</u>
<b>Deferred Inflows of Resources</b>	
Unearned revenue	<u>286,815</u>
Total deferred inflows of resources	<u>286,815</u>
<b>Net Position</b>	
Net investment in capital assets	1,574,081
Unrestricted	<u>2,136,972</u>
Total net position	<u>3,711,053</u>
Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 4,514,859</u></u>

The accompanying notes are an integral part of these financial statements.

**San Juan Basin Public Health**  
**Statement of Activities**  
**For the Year Ended December 31, 2017**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Contracts, Grants and Contributions</u>	<u>Capital Contracts, Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities:					
Public health	<u>\$ 5,473,068</u>	<u>\$ 924,728</u>	<u>\$ 4,471,544</u>	<u>\$ -</u>	<u>\$ (76,796)</u>
General revenues:					
Interest					2,847
Miscellaneous					<u>215,811</u>
Total general revenues					<u>218,658</u>
Change in net position					141,862
Net position - beginning of year					<u>3,569,191</u>
Net position - end of year					<u>\$ 3,711,053</u>

The accompanying notes are an integral part of these financial statements.

**San Juan Basin Public Health**  
**Governmental Fund Balance Sheet**  
**and Reconciliation of Fund Balance to Net Position**  
**December 31, 2017**

<b>Assets</b>	<b>Total</b>
Cash and cash equivalents	\$ 2,021,503
Accounts receivable, net	689,832
Other current assets	114,339
Restricted cash	<u>115,104</u>
Total assets	<u>\$ 2,940,778</u>
<b>Liabilities</b>	
Accounts payable	\$ 74,694
Accrued payroll and other	<u>296,150</u>
Total liabilities	<u>370,844</u>
<b>Deferred Inflows of Resources</b>	
Unearned revenue	<u>286,815</u>
Total deferred inflows of resources	<u>286,815</u>
<b>Fund Equity</b>	
Nonspendable - Prepaid expenses	67,747
Assigned:	
Implementation Wage Scale	295,258
Facilities	150,000
Fleet replacement	75,000
Equipment replacement	85,000
Committed:	
Accrued vacation	146,147
Emergencies/Disasters	157,459
Operating	<u>1,306,508</u>
Total fund balance	<u>2,283,119</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<u>\$ 2,940,778</u>
Total governmental fund balance per above	\$ 2,283,119
Capital assets used in governmental activities are not financial resources, and therefore, not reported in the fund balance sheet. In the statement of net assets, the cost of these assets are capitalized and expensed over their estimated useful lives through annual depreciation	1,574,081
Liabilities, including compensated absences are not payable out of current financial resources, and therefore, are not reported in the fund balance sheet.	
Compensated absences	<u>(146,147)</u>
Net position of governmental activities	<u>\$ 3,711,053</u>

The accompanying notes are an integral part of these financial statements.

**San Juan Basin Public Health**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance—Governmental Fund**  
**For the Year Ended December 31, 2017**

<b>Revenues</b>	
Charges for services	\$ 924,728
Intergovernmental	3,775,704
Grants	228,229
Interest income	2,847
Other	683,422
Total revenues	<u>5,614,930</u>
<b>Expenditures</b>	
Current	
Salaries and benefits	3,912,871
Travel	169,758
Contract Services	219,973
Operating	1,047,069
Capital outlay	103,059
Total expenditures	<u>5,452,730</u>
<b>Net change in fund balance</b>	<u>162,200</u>
<b>Fund Balance, Beginning of Year</b>	<u>2,120,919</u>
<b>Fund Balance, End of Year</b>	<u><u>\$ 2,283,119</u></u>

The accompanying notes are an integral part of these financial statements.

**San Juan Basin Public Health**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balance—Governmental Fund**  
**to the Statement of Activities**  
**For the Year Ended December 31, 2017**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance—governmental fund	\$	162,200
<p>Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>		
Capital outlay		103,059
Depreciation expense		(111,242)
<p>Compensated absences in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental fund.</p>		
Liability at December 31, 2017		(146,147)
Liability at December 31, 2016		133,992
		133,992
Change in net position of governmental activities	\$	141,862

The accompanying notes are an integral part of these financial statements.

# **San Juan Basin Public Health**

## **Notes to Financial Statements**

### **December 31, 2017**

---

#### **1. Nature of Operations**

---

San Juan Basin Public Health (SJBPH) is a Colorado district health agency serving La Plata and Archuleta Counties, as well as contracting to serve other surrounding counties.

Pursuant to C.R.S. 25-1-508(3)(a), the District Board of Health shall consist of a minimum of five (5) members the exact number to be determined by the SJBPH Appointments Committee (the SJBPH Appointments Committee shall be composed of one member of each of the boards of county commissioners of the counties comprising the District). Except where appointments need to be shorter to stagger terms, full-term appointments shall be for five years.

The Colorado Public Health Act of 2008, C.R.S. 25-1-501 et seq., is the statutory guidance for SJBPH. Effective July 1, 2009, the law established minimum qualifications for directors, core public health services, minimum quality standards for public health and a funding formula for allocating moneys to SJBPH.

---

#### **2. Summary of Significant Accounting Policies**

---

The financial statements of SJBPH have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The financial statements of SJBPH consist only of the single governmental fund of SJBPH. SJBPH has no financial accountability for any other governmental entity. Financial accountability includes appointment of SJBPH's governing body, imposition of will and fiscal dependency. SJBPH's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements which provide a more detailed level of financial information.

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. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

**San Juan Basin Public Health**  
**Notes to Financial Statements (continued)**  
**December 31, 2017**

---

**2. Summary of Significant Accounting Policies (continued)**

---

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available for both exchange and nonexchange transactions. 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, SJBPH considers revenues to be available if they are collected within 90 days of the end of the current fiscal period.

Nonexchange transactions, in which SJBPH receives value without directly giving value in return, include grants and donations. On an accrual basis, revenue from grants, certain contracts and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resource is required to be used or the fiscal year when use is first permitted; matching requirements, in which SJBPH must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to SJBPH on a reimbursement basis.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

**Government-wide and Fund Financial Statements**

The government-wide financial statements (statement of net position and statement of activities) report information for SJBPH as a whole. Individual funds are not displayed, but the statements are designed to distinguish governmental activities, generally supported by grants and charges for services, from business-type activities. SJBPH does not report any business-type activities.

The statement of net position presents the financial position of the governmental activities of SJBPH as of year-end.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. SJBPH reports only one function, which is public health.

Program revenues include:

- Charges for Service
- Operating Contracts, Grants and Contributions
- Capital Contracts, Grants and Contributions

# San Juan Basin Public Health

## Notes to Financial Statements (continued)

### December 31, 2017

---

## 2. Summary of Significant Accounting Policies (continued)

---

These revenues are subject to externally imposed restrictions to certain program uses.

Other revenue sources not included with program revenues are reported as general revenues of SJBPH. The comparison of direct expenses with program revenues identifies the extent to which the governmental function of public health is self-financing or draws from the general revenues of SJBPH.

### **Fund Accounting**

SJBPH uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. SJBPH only uses governmental funds and has only one such fund, the general fund.

### **Governmental Funds**

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources of funds and uses the balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

SJBPH reports the following major governmental fund:

*General Fund* - The general fund is used to account for all financial resources of SJBPH. The general fund balance is available to SJBPH for any purpose, provided it is expended or transferred according to the general laws of Colorado and the bylaws of SJBPH.

### **Fund Equity**

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

**San Juan Basin Public Health**  
**Notes to Financial Statements (continued)**  
**December 31, 2017**

---

**2. Summary of Significant Accounting Policies (continued)**

---

- *Restricted fund balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provision, or enabling legislation.
- *Committed fund balance* – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority, the Board of Health. The constraint may be removed or changed only through formal action of the Board of Health.
- *Assigned fund balance* – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Health to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
- *Unassigned fund balance* – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is SJBPH’s policy to use the most restrictive classification first.

Net position represents the difference between assets and liabilities. Net position is reported as restricted when it is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provision, or enabling legislation. All other net positions are reported as unrestricted.

SJBPH applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

SJBPH considers all liquid investments with original maturities of one year or less to be cash equivalents.

**San Juan Basin Public Health**  
**Notes to Financial Statements (continued)**  
**December 31, 2017**

---

**2. Summary of Significant Accounting Policies (continued)**

---

**Prepaid Items**

Payments made to vendors for services that will benefit future periods are recorded as prepaid items using the consumption method, by recording an asset for the prepaid amount and reflecting the expenditure or expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reserved as this amount is not available for general appropriation.

**Capital Assets**

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation if acquired by gift. SJBPH has set a capitalization threshold at \$5,000. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The following estimated useful lives are being used by SJBPH:

Buildings	40 years
Furniture, fixtures and equipment	3 to 15 years
Vehicles	1 to 5 years

**Compensated Absences**

SJBPH policies permit most employees to accumulate a total of 15 to 30 days of vacation and 12 days of sick leave benefits per year. Vacation may be realized as paid time off or, at time of separation of service, as a cash payment. A maximum of 40 days of vacation may be accumulated by each employee.

The total compensated absence liability is reported on the government-wide financial statements. Governmental funds report the compensated absence liability at the fund reporting level when due.

**Accrued Liabilities and Long-term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of these funds.

**Unearned Revenues**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Revenues are deferred for grants, contracts and entitlements received before the

**San Juan Basin Public Health**  
**Notes to Financial Statements (continued)**  
**December 31, 2017**

---

**2. Summary of Significant Accounting Policies (continued)**

---

eligibility requirements are met (e.g., cash advances).

**Budgets and Budgetary Accounting**

The Board of Health is required to follow these procedures in establishing the budgetary data reflected in the financial statements:

- In accordance with State Statute §29-1-105, C.R.S, prior to September 20, the SJBPH Executive Director submits to the Board of Health a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the two preceding years. The State Statutes require more detailed line item budgets to be submitted in summary form. In addition, more detailed line item budgets are included for administration control. The level of control for the detailed budgets is at the agency level.
- Public hearings are conducted to obtain taxpayer comment.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- Formal budgetary integration is employed as a management control device for the General Fund.
- Appropriations lapse at the end of the year.
- The Board of Health may authorize supplemental appropriations during the year.

**Colorado State Constitution Article X, Section 20**

SJBPH has concluded that the revenue, spending and debt limitations imposed by Colorado State Constitution Article X, Section 20 (Amendment 1, the 'TABOR' amendment) do not apply to them. This conclusion was primarily based on the fact that SJBPH does not impose a mill levy or collect taxes. In its deliberations, the Board of Health and management took under consideration a legal opinion drawing the same conclusion.

**San Juan Basin Public Health**  
**Notes to Financial Statements (continued)**  
**December 31, 2017**

**3. Cash and Investments**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At various times, some or all of SJBPH's bank balances may exceed the FDIC insured limits.

**Investments**

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. SJBPH's deposit policy for custodial credit risk requires compliance with the provisions of state law.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Health. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado State Senate Bill 194 requires the County Treasurer of the most populous county to serve as the public health agency's treasurer. Further, C.R.S 25-1-511 mandates that the County Treasurer create a district public health agency fund, segregating public health agency's funds from the county coffers.

The carrying values of deposits are shown in the following captions in the statement of net position:

	<b>Carrying Value</b>	<b>Bank Value</b>
Cash and cash equivalents	\$ 2,021,503	\$ 2,043,410
Restricted cash	<u>115,104</u>	<u>115,104</u>
	<u>\$ 2,136,607</u>	<u>\$ 2,158,514</u>

**San Juan Basin Public Health**  
**Notes to Financial Statements (continued)**  
**December 31, 2017**

---

**4. Capital Assets**

---

An analysis of the changes in net capital asset during 2017 follows:

	<b>Balance December 31, 2016</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance December 31, 2017</b>
Capital assets				
Land	\$ 224,627	\$ -	\$ -	\$ 224,627
Buildings	2,183,575	97,345	-	2,280,920
Furniture and equipment	138,290	5,714	(47,964)	96,040
Vehicles	171,059	-	-	171,059
Total capital assets	<u>2,717,551</u>	<u>103,059</u>	<u>(47,964)</u>	<u>2,772,646</u>
Less accumulated depreciation				
Buildings	969,771	67,467		1,037,238
Furniture and equipment	106,081	9,563	(47,964)	67,680
Vehicles	59,435	34,212	-	93,647
Total accumulated depreciation	<u>1,135,287</u>	<u>111,242</u>	<u>(47,964)</u>	<u>1,198,565</u>
Capital assets, net	<u>\$ 1,582,264</u>	<u>\$ (8,183)</u>	<u>\$ -</u>	<u>\$ 1,574,081</u>

Depreciation expense was \$111,242 for the year ending December 31, 2017 and was charged to governmental activities.

---

**5. Group Health Insurance**

---

Prior to January 1, 2017, SJBPH partially self-insured the cost of employee health care benefits. SJBPH is no longer self-insuring this cost. However, there are outstanding claims related to this program. Therefore, restricted cash reflected in the accompanying statement of net position and balance sheet at December 31, 2017 represents cash restricted for future payments related to these claims of \$115,104, representing SJBPH's balance in the plan.

# **San Juan Basin Public Health**

## **Notes to Financial Statements (continued)**

### **December 31, 2017**

---

#### **6. Defined Contribution Plans**

---

SJBPH provides pension benefits for most of its regular employees, full and part-time employees with at least twenty hours a week, through an agent multi-employer public retirement system, the Colorado County Officials and Employee Retirement Association (CCOERA), a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Qualifying employees are required to participate upon completion of one year of employment.

SJBPH has established that employees, upon completion of one year of employment, contribute 5% of the employee's base earnings each month in a 401(a) Plan. SJBPH's matching contributions for each employee and interest allocated to the employee's account are fully vested after five years of continuous plan participation. Contributions for, and interest forfeited by, employees who leave employment before six years of service are used to reduce current contribution requirements. Ten year historical trend information about the plan is available in a separately issued financial report.

SJBPH and the covered employees made the required 5% contribution, amounting to \$113,554 from SJBPH and \$113,554 from employees, and there were no amounts due to the plan as of December 31, 2017. Total covered payroll during 2017 was \$2,271,080.

---

#### **7. Risk Management**

---

SJBPH is exposed to various risks of loss related to limited torts; theft of, damage to, and destruction of assets; errors and omissions and natural disasters for which SJBPH carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage for the current year or the past three years. In addition, SJBPH is covered by the Colorado Government Immunity Act (C.R.S. 24-10-101 et seq.) This law often protects the state and its political subdivisions from suit for injury suffered by private persons.

---

#### **8. Significant Estimates and Concentrations**

---

Some of SJBPH's patients are covered by government sponsored Medicare or Medicaid programs. The effect of the current economic conditions on government budgets may have an adverse effect on the cash flow from these programs. Further, current economic conditions have made it difficult for certain of our patients to pay for services rendered. As employers make adjustments to health insurance plans, services provided to self-pay and other payers may significantly impact SJBPH's future operating results.

**San Juan Basin Public Health**  
**Notes to Financial Statements (continued)**  
**December 31, 2017**

---

**8. Significant Estimates and Concentrations (continued)**

---

**Concentration of Credit Risk**

Approximately 56% of net total revenue was derived under federal and state third-party reimbursement programs. These revenues are based, in part, on cost reimbursement principles and are subject to audit and retroactive adjustment by the representative third-party fiscal intermediaries.

## **Required Supplementary Information**

**San Juan Basin Public Health**  
**Statement of Revenue, Expenditures**  
**and Changes in Fund Balance—Actual and Budget**  
**Governmental Fund**  
**For the Year Ended December 31, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>				
Charges for services	\$ 989,509	\$ 932,345	\$ 924,728	\$ (7,617)
Intergovernmental	3,464,727	3,685,093	3,775,704	90,611
Grants	126,528	188,134	228,229	40,095
Interest income	3,000	3,000	2,847	(153)
Other	<u>393,647</u>	<u>651,023</u>	<u>683,422</u>	<u>32,399</u>
Total revenues	<u>4,977,411</u>	<u>5,459,595</u>	<u>5,614,930</u>	<u>155,335</u>
<b>Expenditures</b>				
Current				
Salaries and benefits	4,067,275	3,986,870	3,912,871	73,999
Travel	146,682	173,885	169,758	4,127
Contract Services	174,955	220,344	219,973	371
Operating	666,617	971,074	1,047,069	(75,995)
Capital outlay	<u>-</u>	<u>152,510</u>	<u>103,059</u>	<u>49,451</u>
Total expenditures	<u>5,055,529</u>	<u>5,504,683</u>	<u>5,452,730</u>	<u>51,953</u>
<b>Net change in Fund Balance</b>			<u>\$ 162,200</u>	

Actual expenditures are not to exceed the approved budget. Expenditures for 2017 were less than the final budget by \$51,953.

The accompanying notes are an integral part of these financial statements.

## **Supplementary Information**

**San Juan Basin Public Health  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2017**

Federal Agency/Pass-through Entity/Cluster/Program	CFDA Number	Grant or Identifying Number	Amount
<i>U.S. Environmental Protection Agency</i>			
Pass Through: Colorado Department of Public Health and Environment			
State Indoor Rason Grants	66.032		\$ 90
Nonpoint Source Implementation	66.460		<u>38,440</u>
<i>Total U.S. Environmental Protection Agency</i>			<u>38,530</u>
<i>U.S. Department of Health and Human Services</i>			
Well-Integrated Screening and Evaluation for Women Across the Nation	93.094		3,943
Pass Through: Colorado Department of Public Health and Environment			
Hospital Preparedness Program and Public Health Emergency Preparedness Aligned Cooperative Agreements	93.074		232,332
Family Planning Services	93.217		49,781
Oral Health Workforce Activities	93.236		60,551
Immunization Grants	93.268		9,990
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283		12,931
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323		6,797
ACA - State Innovation Models Funding for Model Design and Model Testing Assistance	93.624		180,116
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations financed in part by Prevention and Public Health Funds	93.752		5,000
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758		30,405
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898		5,642
Block Grants fro Prevention and Treatment of Substnace Abuse	93.959		95,596
Maternal and Child Health Services Block Grant to the States	93.994		31,171

**San Juan Basin Public Health  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2017**

<b>Federal Agency/Pass-through Entity/Cluster/Program</b>	<b>CFDA Number</b>	<b>Grant or Identifying Number</b>	<b>Amount</b>
Pass Through: National WIC Association			
National Implementation and Dissemination for Chronic Disease Prevention	93.328		74,733
Pass Through: Colorado Department of Health Care Policy & Financing			
Children's Health Insurance Program	93.767		4,889
Medical Cluster - Medical Assistance Program	93.778		<u>304,624</u>
<i>Total US Department of Health and Human Services</i>			<u>1,108,501</u>
<i>U.S. Department of Agriculture Food and Nutrition</i>			
Pass Through: Colorado Department of Public Health & Environment			
Special Supplemental Nutrition Program for Women, Infants and Children	10.557		<u>239,506</u>
<i>Total U.S. Department of Agriculture Food and Nutrition</i>			<u>239,506</u>
Total Expenditures of Federal Awards			<u>\$ 1,386,537</u>

# San Juan Basin Public Health

## Schedule of Expenditures of Federal Awards

### For the Year Ended December 31, 2017

**Notes to the Schedule**

1. This schedule includes the federal awards activity of San Juan Basin Public Health and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirement of *the Uniform Guidance*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.
2. San Juan Basin Public Health has elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.
3. Certain federal assistance programs do not involve cash awards to the Department. The State of Colorado has arranged with the District to perform the intake function for the Special Supplemental Nutrition Program for Women, Infants and Children. These value of these noncash vouchers which are redeemed by the state to the participants are made up of the following:

Federal Agency/Pass-through Entity/Cluster/Program	CFDA Number	Grant or Identifying Number	Amount
U.S. Department of Agriculture Food and Nutrition - Colorado			
Department of Public Health and Environment			
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	Value of food vouchers issued	<u>\$ 553,872</u>
U.S. Department of Health and Human Services - Colorado			
Department of Public Health and Environment			
Preventive Health Services - Sexually Transmitted Diseases	93.977	Value of tests performed	<u>15,600</u>
Total noncash award			<u><u>\$ 569,472</u></u>

4. Of the federal expenditures presented in this schedule, the Agency provided no federal awards to sub-recipients.



**Haynie &  
Company**

**Certified Public Accountants** (a professional corporation)

1221 West Mineral Ave, Ste. 202 Littleton, Colorado 80120-4544 (303) 734-4800 Fax (303) 795-3356

**INDEPENDENT AUDITOR'S REPORT**  
**ON INTERNAL CONTROL OVER FINANCIAL REPORTING**  
**AND ON COMPLIANCE AND OTHER MATTERS**  
**BASED ON AN AUDIT OF FINANCIAL STATEMENTS**  
**PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Health  
San Juan Basin Public Health  
Durango, Colorado

We have audited the financial statements of San Juan Basin Public Health as of and for the year ended December 31, 2017, and have issued our report thereon June 28, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered San Juan Basin Public Health's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the San Juan Basin Public Health's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the San Juan Basin Public Health's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the San Juan Basin Public Health's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



**PrimeGlobal**

An Association of  
Independent Accounting Firms

An independently owned member  
**RSM US Alliance**



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether San Juan Basin Public Health's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and on compliance and other matters, and the results of that testing, and not to provide an opinion on the effectiveness of its internal control over financial reporting or on compliance and other matters. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering San Juan Basin Public Health's internal control over financial reporting and on compliance and other matters. Accordingly, this report is not suitable for any other purpose.



Littleton, Colorado  
June 28, 2018



**Haynie &  
Company**

**Certified Public Accountants** (a professional corporation)

1221 West Mineral Ave, Ste. 202 Littleton, Colorado 80120-4544 (303) 734-4800 Fax (303) 795-3356

**INDEPENDENT AUDITOR'S REPORT**  
**ON COMPLIANCE WITH REQUIREMENTS APPLICABLE**  
**TO EACH MAJOR PROGRAM AND ON**  
**INTERNAL CONTROL OVER COMPLIANCE**

Board of Health  
San Juan Basin Public Health  
Durango, Colorado

**Report on Compliance for Each Major Federal Program**

We have audited San Juan Basin Public Health's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of San Juan Basin Public Health's major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2017.

**Management's Responsibility for Compliance**

Compliance with the requirements referred to above is the responsibility of San Juan Basin Public Health's management.

**Auditor's Responsibility**

Our responsibility is to express an opinion on San Juan Basin Public Health's compliance based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200. Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and *the Uniform Guidance* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about San Juan Basin Public Health's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of San Juan Basin Public Health's compliance with those requirements.



An Association of  
Independent Accounting Firms

An independently owned member  
RSM US Alliance



## Opinion

In our opinion, San Juan Basin Public Health complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended December 31, 2017.

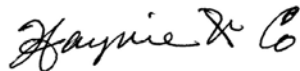
## Internal Control Over Compliance

Management of San Juan Basin Public Health is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered San Juan Basin Public Health's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the San Juan Basin Public Health's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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



Littleton, Colorado  
June 28, 2018

# San Juan Basin Public Health

## Schedule of Findings and Questioned Costs

### for the Year Ended December 31, 2017

**1. Summary of Auditor's Results**

1. The opinion expressed in the independent certified public accountant's report was:  
 Unmodified     Modified     Adverse     Disclaimed
  
2. The independent certified public accountants' report on internal control over financial reporting described:  
 Significant deficiency(ies)?  Yes     No  
 Material Weakness(es)?  Yes     No
  
3. Noncompliance considered material to the financial statements was disclosed by the audit?  
 Yes     No
  
4. The independent certified public accountant's report on internal control over compliance with requirements applicable to major federal awards programs described:  
 Significant deficiency(ies)?  Yes     No  
 Material Weakness(es)?  Yes     No
  
5. The opinion expressed in the independent certified public accountant's report on compliance with requirements applicable to major federal awards was:  
 Unmodified     Modified     Adverse     Disclaimed
  
6. The audit disclosed findings required to be reported by the Uniform Guidance?  
 Yes     No
  
7. SJBPHs major programs were:

Cluster/Program	CFDA Number
Medical Assistance Program	93.778

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in Uniform Guidance was \$750,000.
  
9. SJBPH qualified as low-risk auditee as that term is defined in the Uniform Guidance?  
 Yes     No

**San Juan Basin Public Health**  
**Schedule of Findings and Questioned Costs**  
**for the Year Ended December 31, 2017**

**Findings Required to be Reported by Government Auditing Standards**

<b>Reference Number</b>	<b>Finding</b>	<b>Questioned Costs</b>
<hr/>		
None reported.		