

# EL PASO COUNTY PUBLIC HEALTH

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A Component Unit of El Paso County, Colorado

## Comprehensive Annual Financial Report

For the Year Ended December 31, 2019



# El Paso County Public Health, Colorado

## COMPREHENSIVE ANNUAL FINANCIAL REPORT For the year ended December 31, 2019

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EL PASO COUNTY PUBLIC HEALTH  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED DECEMBER 31, 2019

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EL PASO COUNTY PUBLIC HEALTH  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2019



**1675 Garden of the Gods Road**

## **I. INTRODUCTORY SECTION**



**El Paso County Public Health Board and Administration**



June 11, 2020

**Transmittal Letter**

To the Board of Health and Citizens of El Paso County:

State law requires that every local government publish within six months of the close of each fiscal year a complete set of audited financial statements annually. Publishing of this report is to fulfill that requirement for the fiscal year ended December 31, 2019.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatements.

RubinBrown LLP, our external independent auditor, issued an unmodified (“clean”) opinion on El Paso County Public Health’s (EPCPH) financial statements for the year ended December 31, 2019. The independent auditors report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditors’ report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

***Profile of the Government***

El Paso County, incorporated in 1861 and located in the central part of the state, is one of the top growth areas in both the state and the country. The 2019 population estimates from the Colorado Division of Local Government has El Paso County’s population estimated at 720,403. El Paso County is the second largest county according to population in the State and occupies 2,158 square miles. EPCPH serves all residents of El Paso County with 158 full-time equivalent employees.

A nine-member Board of Health governs EPCPH; the El Paso County Board of Commissioners appoints members for five-year terms. The Board of Health governs the agency through the establishment of policy, approval of budgets, and appointment of the public health director.

Budget planning for fiscal year 2019 began in January of 2018 and included the following processes: provided monthly financial summary information to the El Paso County Board of Health (EPCPH’s governing body); presented annual audit and financial statements to the Board; performed thorough departmental budget reviews and examined projected needs for EPCPH; presented the preliminary balanced budget to the Board, which included current financial position, estimated revenues and expenditures; and adopted the original budget via resolution by the Board in December 2018.

***Mission***

Our mission is to promote and protect public health and environmental quality across El Paso County through people, prevention, and partnerships. Our public health agency serves all residents and visitors of El Paso County, which includes the cities of Colorado Springs and Manitou Springs, and the towns of Calhan, Fountain, Monument, Palmer Lake, and Ramah. Public Health is defined by the Institute of Medicine as “fulfilling society’s interest in assuring conditions in which people can be healthy.” Programs are targeted toward the general population and specific high-risk groups to aid in making healthy choices, and to provide interventions to prevent the spread of disease. Our vision is for all El Paso County residents to live in thriving communities where every person has the opportunity to achieve optimal health.

***Local economy***

Major industries within El Paso County’s boundaries, or in close proximity, include several military bases and their related supporting operations, semiconductor companies, automobile dealers, large retailers, as well as several financial institutions, religious organizations, and insurance companies.

## ***Major initiatives***

Engaging the community, establishing innovative cross-sector partnerships, and leveraging data to address critical community health issues is a cornerstone of EPCPH's work. In 2019, these efforts led to significant public health achievements and new opportunities.

Our agency continues to focus on serving residents in southeast Colorado Springs. In 2019, the caseload for the southeast Women, Infants and Children (WIC) office increased by 131 percent over the previous year. This service expands nutrition and healthy lifestyle services to an area with high numbers of WIC-eligible residents. EPCPH also secured \$350,000 in funding from El Pomar Foundation to be disbursed over seven years; this funding allows us to continue to support community leaders through the Resilient, Inspired, Strong, Engaged (RISE) Coalition. As a result of RISE's community engagement activities, The Colorado Health Foundation awarded a grant to the Trust for Public Land (TPL) to fund the revitalization of Panorama Park, which is located in Southeast Colorado Springs. This will be the largest neighborhood park renovation in city history, with \$4 million already secured for improvements. This funding is the product of a collaborative effort between RISE, the City of Colorado Springs Parks, Recreation and Cultural Services Department, and TPL.

EPCPH remains committed to improving mental health in our community, and in 2019 our agency reinforced existing multidisciplinary partnerships while also forging new collaborations. EPCPH continued to partner with the El Paso County Sheriff's Office, UHealth and the National Alliance on Mental Illness (NAMI) to maintain and expand the Co-Responder Model: an approach that pairs law enforcement with licensed behavioral health clinicians in response to emergency calls for service determined to have a behavioral health issue since its inception in 2018. This grant-funded program has not only been effective in providing timely connection to mental health care and resources, it has also created a unique climate of collaboration between diverse community partners. Recognizing the need for an innovative approach to address behavioral health and substance abuse needs in our community, EPCPH also began engaging with key stakeholders to address the behavioral health continuum of care, identify gaps, and assess community needs and readiness. In fall 2019, EPCPH received a one-time, additional \$195,000 to its core funding from the state health department to specifically address opioid and other substance misuse issues. Substance misuse and abuse can be a major component of behavioral health and these additional funds will further the collaborations and efforts to implement a behavioral health continuum of care in the community. Planning for use of the funds began in late 2019 and EPCPH has until June 30, 2020 to spend them down.

EPCPH continued proactive efforts to involve community stakeholders in making a positive impact on youth suicide in our community. EPCPH convenes the Youth Suicide Prevention Workgroup, which now has over 90 community partners working toward building a comprehensive community-driven solution to prevent youth suicide. Between 2017 and 2018, there was a 47 percent decrease in suicide among youth ages 10-17. While this is an encouraging data point, and we are proud of the progress our community has made, we recognize there is more work to be done. We know we must remain focused on this effort and maintain the momentum we have developed through public health-led efforts.

As part of sustained efforts to enhance youth suicide prevention resources in our community, EPCPH continued to partner with NAMI to help expand the "Below the Surface" crisis text line awareness campaign to more than 60 local schools. This campaign aims to increase help-seeking behavior among youth by encouraging the use of Colorado's Crisis Text Line. Increasing the utilization of this resource is crucial for our community because it means more young people are reaching out and receiving the support they need.

To expand Public Health's capacity to collect, analyze and disseminate data, this year our agency established a new office of science, surveillance, epidemiology and technology to harness the power of data for informed, proactive decision making. This office is designed to lead strategic agency and community efforts that are upstream, using data, evidence-based best practices, and innovative approaches to create efficiencies and further community health improvement measurements. This effort solidifies our agency as the leading local data expert and seeks to create a central repository to provide the most accurate, credible and timely information. By using data to drive our work, it allows us to make a greater collective community impact.

In 2019, EPCPH and community partners continued to respond to an ongoing disease outbreak of hepatitis A in El Paso County. From the beginning, EPCPH established a highly collaborative intra- and inter-agency response. Internally, EPCPH's core team of epidemiologists, communicable disease, immunizations, emergency preparedness and response, leadership, and communications staff worked tirelessly to respond to this outbreak. Externally, EPCPH leveraged and built innovative partnerships with community, health care, and governmental partners to provide education and vaccination to targeted groups, including homeless individuals. Our counterparts across the nation have complimented our county on the response efforts we have put in place, particularly the collaborative relationships we have developed with law enforcement, emergency departments and respite care. Our agency was honored to receive the *Shining Star Award* at the Colorado Department of Public Health and Environment's 2019 Annual Partners Meeting. EPCPH is recognized for organizing a robust response that set a strong framework, and we are sought out by partners throughout the state and the nation for our expertise.

## ***Long-term planning***

To address ongoing and emerging critical needs, in 2019 the EPCPH Board of Health unanimously approved a budget that includes projected increases that result in additional support through 2023. The additional funding supports the hiring of 10 new staff positions to address the needs of our growing population. These positions align with the agency's five-year strategic plan, which aims to build a strong public health workforce and leadership pipeline, develop and strengthen strategic partnerships, solidify core funding, positions the

agency to be even more nimble and proactive with timely and locally-relevant data, and enhance the agency's foundational infrastructure. This funding is critical to maintain EPCPH's high-performing staff and its mandated core services while allowing the agency to address emerging community needs.

During 2019, there were several different phases of recruiting, hiring and training qualified staff. With this additional funding, EPCPH sought to hire the most qualified staff; for some of the positions, it required reposting three and four times to select the most competent, specialized individuals. Some of these highlights include:

- Environmental Health Specialists to increase capacity for inspection of a growing number of retail food establishments and on-site wastewater treatment systems in the County
- Sustained staffing for youth suicide prevention efforts after three-year grant funding ended
- Epidemiologists, or data experts, to expand capacity to assist county offices and community organizations to effectively direct resources through evidence-based and best practices
- Emergency Preparedness and Response Coordinator dedicated specifically to El Paso County
- Public Health Nurse to increase capacity to administer vaccinations

These positions allow EPCPH to be proactive and meet the core public health statutory requirements, as well as the ever-growing needs of the community. EPCPH is pleased to report that at the close of 2019, all critical needs positions had been filled except one – the Health Equity Planner. This position will be responsible for creating a data-driven work plan for health equity that aligns with the El Paso County Strategic Plan and EPCPH's Community Health Improvement Plan. This will fulfill a critical agency function, as EPCPH utilizes equity as a guiding framework for how we engage our community partners, determine community priorities, and identify the resources needed for all residents to achieve their healthiest life.

### ***COVID-19 Update***

El Paso County saw its first local case of novel coronavirus (COVID-19) on March 5, 2020. Colorado and El Paso County quickly fell in line with other states and countries, with the County declaring an emergency on March 14 and the State implementing a Stay At Home order that caused widespread business closures and ceased face to face interactions to reduce the spread of the virus. One of EPCPH's statutory requirements is to monitor over 60 communicable diseases in the community and as such, had been monitoring the spread of the virus since late 2019, preparing and planning for the eventuality of the virus spreading locally. To respond to the pandemic, many EPCPH programs have had to close public-facing services and strive to find creative ways to still provide essential services to the community while ensuring the safety of staff and clients. More than half of EPCPH staff have been activated to serve in roles specific to the COVID-19 response and are working day and night with federal, state and local partners to respond to the pandemic.

The situation is rapidly evolving and we do not know what the future may bring. We do know, however, that the impacts to our anticipated 2020 budget, major initiatives and long-term planning are inevitable. EPCPH and El Paso County are anticipating the worst, while hoping for the best, and are planning for a reduction in revenue due to decreased services and a shift in funding to accommodate emergency response measures. EPCPH staff are a strong team of public health professionals who have been trained to respond in situations exactly like this pandemic. We are confident in our ability to continue to serve and protect the citizens of El Paso County.

### ***Awards and Acknowledgements***

El Paso County Public Health received the Certificate of Achievement for Excellence in Financial Reporting award from the Government Finance Officers Association (GFOA) for its very first year of filing for the certificate in 2018. In order to be awarded a Certificate of Achievement; the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR will meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for the certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of El Paso County's Financial Services Department. We wish to express our appreciation to all members of this department who assisted and contributed to the preparation of this report. Credit must be given to the governing Board of Health and the Board of County Commissioners for their unwavering support for maintaining the highest standards of professionalism in the management of El Paso County Public Health's finances.

Respectfully Submitted,



Sherri Cassidy, CPFO  
Chief Financial Officer



Susan Wheelan, MBA  
Public Health Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**El Paso County Public Health  
Colorado**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2018**

*Christopher P. Morrill*

Executive Director/CEO

**EL PASO COUNTY BOARD OF HEALTH**

**DECEMBER 31, 2019**

Dr. James Terbush, President

Victoria Broerman, Vice President

Kari Kilroy, Board Member

Doris Ralston, Board Member

Dr. Robert Bux, Board Member

Longinos Gonzalez Jr., EPC Commissioner

Cami Bremer, EPC Commissioner

Sam Gieck, Fountain City Council

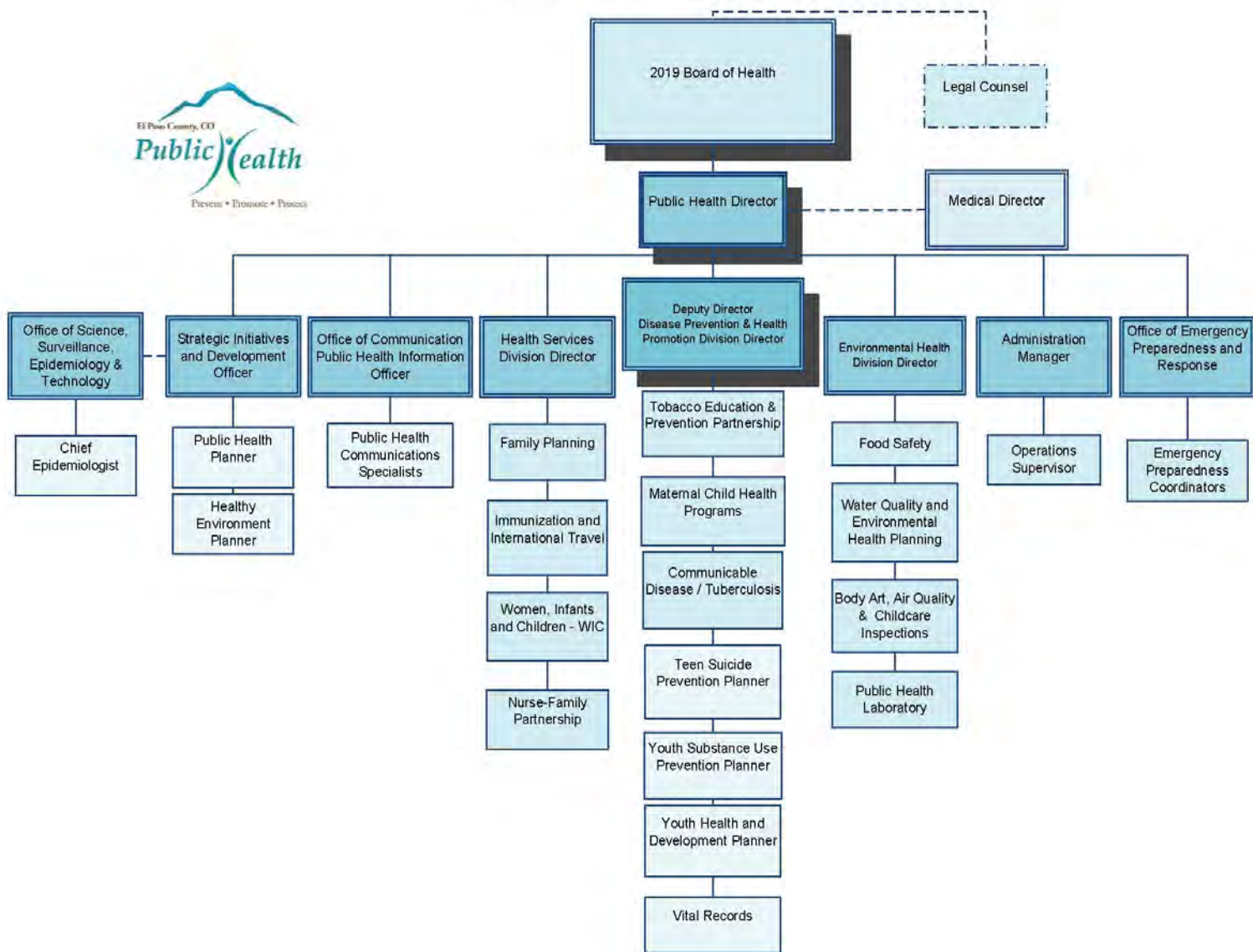
Yolanda Avila, Colorado Springs City Council

**ADMINISTRATION**

Susan Wheelan, MBA, Public Health Director

Robin E. Johnson, MD, MPH, Medical Director

## El Paso County Public Health Organizational Chart



## II. FINANCIAL SECTION



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CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

## **Independent Auditors' Report**

Board of Health  
El Paso County Public Health Department  
Colorado Springs, Colorado

### **Report On The Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the major fund of the El Paso County Public Health Department (the Department) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Department'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.

### ***Auditors' 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 Auditing 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 from 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 auditors' 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.

### *Opinions*

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 the Department as of December 31, 2019, and the respective changes in financial position thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 17 through 23, budgetary comparison schedules on page 58 and 59, schedule of the Department's proportionate share of the net pension liability and schedule of the Department's pension contributions and related ratios on pages 60 and 61 and the schedule of the Department's proportionate share of the collective total other postemployment benefits liability on page 62, 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, which 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 the Department's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required By *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2020 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

*RubinBrown LLP*

June 11, 2020

**EL PASO COUNTY PUBLIC HEALTH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2019  
(Unaudited)**

El Paso County Public Health's (the "Department") discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Department's financial activity, (c) identify changes in the Department's financial position (its ability to address the next and subsequent years' challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify fund issues or concerns.

The discussion and analysis of El Paso County Public Health's financial performance provides an overview of the Department's financial activities for the fiscal year ended December 31, 2019. Please read it in conjunction with the Department's financial statements, which begin on page 25, as well as the transmittal letter.

**Financial Highlights**

- Public Health saw a 6% decrease in total assets from 2018 to 2019 in the amount of \$404,747. Part of this decrease is attributed to a 25% decrease in capital assets, net of accumulated depreciation in the amount of \$113,738. The value of capital assets on our books prior to accumulated depreciation only saw a slight decrease in 2019. Thus, the decrease in capital assets net of accumulated depreciation of 25% is attributed to the 2019 depreciation expense. Public Health also saw a 6% decrease in cash maintained with the Treasurer in the amount of \$281,705. This decrease can be largely attributed to the increased personnel costs Public Health experienced in 2019 due to the 7% increase of full-time equivalent employees from 2018 to 2019. In addition, personnel salary increases were given at the beginning of the year increasing overall personnel expenses and decreasing cash on hand. Thus, the change in accumulated depreciation and the change in cash maintained at the Treasurer were the two main contributing factors to the 6% decrease in total assets for 2019.
- Public Health saw a 35% decrease in deferred outflows of resources from 2018 to 2019 in the amount of \$3,824,635. This decrease can be attributed to the 37% decrease (\$3,532,825) in deferred outflows related to pension and the 19% decrease (\$291,810) in deferred outflows related to Other Postemployment Benefits (OPEB). Both changes were directly tied to the increase in the stock market we experienced in 2019, which directly corresponded to our entries for the pension and OPEB.
- Public Health saw a 9% decrease in liabilities from 2018 to 2019 in the amount of \$2,280,587. The majority of this decrease was due to the 9% decrease in liabilities due in more than one year, which is attributed to the 9% decrease in net pension liability and the 7% decrease in net OPEB liability. Public Health also saw a significant increase in deferred inflows of resources from 2018 to 2019 of 310% or \$1,298,222. Once again, these changes can be tied to Public Health's OPEB and Pension activity. Both the OPEB and Pension liability were significantly impacted by the stock market's positive performance in 2019. In addition, the discount rate used to measure the total pension liability as of December 31, 2019 increased to 5.37% in 2019 from 5.23% in 2018. Public Health also saw a change in two actuarial assumptions in 2019 which had an impact upon OPEB: the discount rate increased from 3.18% in 2018 to 3.60% in 2019 and an excise tax was repealed.
- In comparing the 2019 Statement of Activities to 2018, total program revenues remained relatively the same with only a minimal increase. Expenditures increased 4% from 2018 to 2019. As mentioned above, the increase in expenditures is attributed to the increase in full-time equivalent employees and the personnel salary increases given at the beginning of the year.
- Revenues and expenditures in the governmental funds only saw minimal changes from 2018 to 2019. Revenues in the governmental funds increased minimally by 0.6% from 2018 to 2019. Expenditures had a minimal decrease of 0.7% from 2018 to 2019.

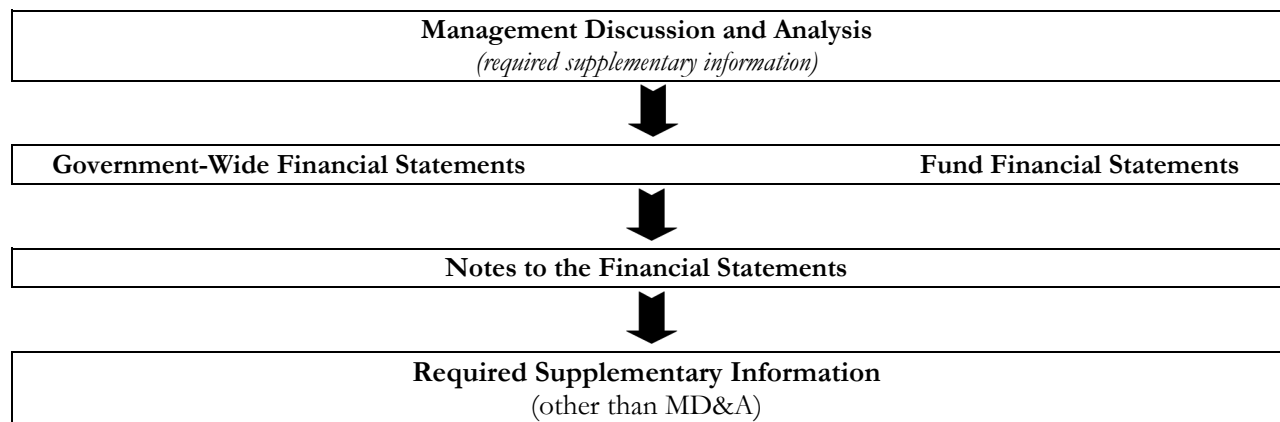
**EL PASO COUNTY PUBLIC HEALTH  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2019  
(Unaudited)**

**Background Information**

El Paso County Public Health was established pursuant to Title 25, Article 1 of the Colorado Revised Statutes. A nine-member Board of Health appointed by the El Paso County Board of County Commissioners governs the Department. The Department is considered a component unit of El Paso County, Colorado and accordingly, the Department’s financial data is included in El Paso County’s (the "County") combined financial statements.

**Using this Annual Report**

The following graphic is provided to outline the composition of the financial statements.



This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of Public Health as a whole and present a longer-term view of the Public Health’s finances. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Public Health’s operations in more detail than the government-wide financial statements by providing information about the Public Health’s most significant funds.

**Government-Wide Financial Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of Department finances. They consist of two statements:

The *Statement of Net Position* presents information on all of the Department’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial health of the Department is improving or deteriorating, respectively.

The *Statement of Activities* presents information to explain the change in net position that occurred during the fiscal year. All of the current year's revenues and expenses are accounted for, regardless of when cash is received or paid, on a full accrual basis.

Both of the government-wide financial statements distinguish between the governmental and business-type activities based on the nature of their funding. Governmental activities are principally funded by taxes and intergovernmental revenues, while business-type activities are funded by fees and charges paid by users. The

**EL PASO COUNTY PUBLIC HEALTH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2019  
(Unaudited)**

Department only has governmental activities and they consist principally of those related to its public health services.

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to control resources for specific activities or objectives. The Department uses fund accounting to ensure and demonstrate compliance with finance-related legal and contractual provisions. There are three types of funds: governmental, proprietary, and fiduciary. The Department maintains only one governmental type fund - the General Fund.

**Governmental Funds**

Governmental funds are used to account for essentially the same functions as governmental activities reported in the government-wide financial statements; however, unlike the government-wide financial statements, governmental fund financial statements focus on the current resources of the Department's operations and the services it provides. The information they provide may be useful in evaluating the Department's available resources for spending in the near future. Because the information does not encompass the long-term focus of the government-wide statements, a reconciliation is included with the fund financial statements to explain the relationship (or differences) between them.

**Notes to the Financial Statements**

The notes to the financial statements provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information (RSI) by providing budgetary comparison schedules to demonstrate budgetary compliance.

**EL PASO COUNTY PUBLIC HEALTH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2019  
(Unaudited)**

**Government-Wide Financial Analysis**

**Government-Wide Net Position**

The net position of the Department is summarized as follows:

<b>El Paso County Public Health Net Position</b>		
	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
Current and other assets	\$ 6,213,150	\$ 6,499,381
Capital assets - net	338,960	457,476
Total Assets	6,552,110	6,956,857
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to OPEB	1,258,228	1,550,038
Deferred outflows related to pension	5,980,713	9,513,538
Total Deferred Outflows of Resources	7,238,941	11,063,576
<b>LIABILITIES</b>		
Current liabilities	1,965,313	2,078,565
Long-term liabilities	21,880,273	24,047,608
Total Liabilities	23,845,586	26,126,173
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to OPEB	602,247	199,725
Deferred inflows related to pension	1,114,333	218,633
Total Deferred Inflows of Resources	1,716,580	418,358
<b>NET POSITION</b>		
Net investment in capital assets	338,960	457,476
Restricted	360,111	339,472
Unrestricted	(12,470,186)	(9,321,046)
Total Net Position	\$ (11,771,115)	\$ (8,524,098)

For detailed information, please see the Statement of Net Position on page 24.

A portion of the Department's net position reflects its investment in capital assets for its governmental activities as of December 31, 2019 for \$338,960 (see Note B2). This investment in capital assets includes leasehold improvements, vehicles, furniture and fixtures, general equipment, and software. The following table presents capital balances related to governmental activities:

<b>El Paso County Public Health Capital Assets</b>		
Governmental Activities		
	2019	2018
Construction in progress	\$ -	\$ 4,778
Leasehold improvements	181,693	254,370
Vehicles	63,474	83,819
Furniture and fixtures	-	-
General equipment	46,123	53,219
Intangibles	47,670	61,290
Total	\$ 338,960	\$ 457,476

**EL PASO COUNTY PUBLIC HEALTH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2019  
(Unaudited)**

Net investment in capital assets decreased by \$118,516 (26%) in 2019. Public Health recorded \$113,738 in accumulated depreciation in 2019 while the value of capital assets prior to accumulated depreciation remained relatively flat. Thus, accumulated depreciation accounted for the change in capital assets.

**Changes in Net Position**

Governmental activities decreased the Department's net position by \$3,247,017 in 2019. The following table shows the changes in net position for governmental activities for 2019 and 2018:

<b>Changes in El Paso County Public Health Net Position</b>		
	Governmental Activities	
	2019	2018
<b>REVENUES</b>		
Program revenues		
Charges for services	\$ 4,234,542	\$ 3,532,657
Operating grants and contributions	20,578,026	21,171,307
General revenues	120,871	84,659
Total Revenues	24,933,439	24,788,623
<b>EXPENSES</b>		
Health and welfare	28,180,456	27,038,371
Total Expenses	28,180,456	27,038,371
Increase (decrease) in net position	(3,247,017)	(2,249,748)
Beginning Net Position before restatement	(8,524,098)	(2,783,352)
Cumulative effect of restatement	-	(3,490,998)
Beginning Net Position after restatement	(8,524,098)	(6,274,350)
Ending Net Position	\$(11,771,115)	\$ (8,524,098)

**Changes in Overall Net Position from Operating Results**

**Revenues:**

The Department's total revenues increased minimally by \$144,816 in 2019 from 2018.

**Expenses:**

The Department's total expenses increased by \$1,142,085 in 2019 from 2018. This increase in expenditures can be attributed to the increase in full-time equivalent employees and the personnel salary increases given at the beginning of the year.

**Financial Analysis of the Department's Individual Funds**

**General Fund:**

The General Fund is the only operating fund of the Department. At December 31, 2019, unassigned fund balance of the General Fund was \$4,085,409 and the total fund balance was \$4,445,520. Total unassigned fund balance of the Department ended 2019 with expenditures exceeding revenues in the General Fund by \$163,792. This decreased the fund balance to \$4,445,520. Our total unassigned fund balance of \$4,085,409 is 24% of our annual collected

**EL PASO COUNTY PUBLIC HEALTH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2019  
(Unaudited)**

revenue. The Department's minimum range per policy is 18% - 21% of annual collected revenue and is intended to cover unforeseeable fluctuations in income and/or expenditures.

**El Paso County Public Health 2019 Budgetary Highlights**

Over the course of the year, the Board of Public Health revised the Public Health expenditure budget with one resolution for a net increase of \$140,790.

- Resolution 2019-02 was approved in the total amount of \$140,790 to appropriate and reduce funds contracted from the Colorado Department of Public Health and Trust for Public Land. This resolution consisted of four different items. 1.) The TEPP Program and the Establishing Per Tobacco Cessation Program were reduced by the Colorado Department of Public Health, these funds had been provided from the Tobacco Settlement Fund. 2.) The Immunization Core Program received additional funding from the Colorado Health Department including Emergency Response funds for the Hepatitis A outbreak. 3.) The Food Assessment program received additional funding from the Colorado Department of Public Health for the second year. The purpose for this funding is to continue to make special recommendations to improve the food system. 4.) El Paso County Public Health entered into a Contractual Grant Agreement with the Trust for Public Land for the purpose of SE Colorado Springs Initiatives specifically related to the Panorama Park Improvement Project.

The table below shows the condensed revenues and expenditures, budget and actual for the General Fund, for 2019:

<b>El Paso County Public Health Budgetary Variances</b>				
	Budgeted Amounts			
	2019	2019	Difference	%
	Original	Final		
Revenues and Appropriated Fund Balance	\$ 16,959,289	\$ 17,100,079	\$ 140,790	0.83%
Expenditures	17,609,289	17,750,079	(140,790)	(0.80)%
Net Change in Fund Balance	<u>\$ (650,000)</u>	<u>\$ (650,000)</u>	<u>\$ -</u>	
	2019	2019	Difference	%
	Final	Actual		
Revenues and Appropriated Fund Balance	\$ 17,100,079	\$ 16,983,958	\$ (116,121)	-0.68%
Expenditures	17,750,079	17,058,086	691,993	3.90%
Net Change in Fund Balance	<u>\$ (650,000)</u>	<u>\$ (74,128)</u>	<u>\$ 575,872</u>	

Actual revenues for 2019 were \$16,983,958, which were relatively the same as budgeted revenues. The difference between the final budgeted expenditures of \$17,750,079 and the actual expenditures of \$17,058,086 was \$691,993. Personnel and operating expenses were tightly managed to offset the changes in revenue and expenses above resulting in lower than budgeted spending.

**Capital Assets**

The Department's investment in property and equipment at December 31, 2019 amounts to \$338,960 (net of accumulated depreciation of \$422,212). This investment in capital assets includes computers, medical equipment, furniture, vehicles, leasehold improvements, software, and any other equipment acquired over the cost of \$25,000.

**EL PASO COUNTY PUBLIC HEALTH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2019  
(Unaudited)**

Public Health did not have any capital additions for the year. Please refer to Note B2 for additional information on capital assets.

**Summary**

Future revenues and expenditures will depend on the economic climate of El Paso County, the State of Colorado, and funding at the federal level. Anticipated budget and program cuts at the state and federal level will affect the level of services that the Department will provide in future years. Programs will be evaluated to assure that adequate funding is available to sustain the level of services required and to meet the goal of the Department to become fiscally self-sufficient.

If you have questions about this report, or need additional financial information, contact Financial Services Division, El Paso County, 200 S. Cascade Ave., Suite 30, Colorado Springs, Colorado 80903.

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

EL PASO COUNTY PUBLIC HEALTH  
STATEMENT OF NET POSITION  
DECEMBER 31, 2019

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 5,170
Cash with County Treasurer	4,534,033
Grants and contracts receivable	1,673,563
Accounts receivable	187
Due from El Paso County	197
Capital assets, net of accumulated depreciation	338,960
Total Assets	6,552,110
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pension	5,980,713
Deferred outflows related to OPEB	1,258,228
Total Deferred Outflows of Resources	7,238,941
 <b>LIABILITIES</b>	
Accounts payable	127,753
Due to El Paso County	221,682
Accrued liabilities	417,259
Unearned revenue	1,000,936
Noncurrent liabilities	
Due within one year	197,683
Due in more than one year	21,880,273
Total Liabilities	23,845,586
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pension	1,114,333
Deferred inflows related to OPEB	602,247
Total Deferred Inflows of Resources	1,716,580
 <b>NET POSITION</b>	
Net investment in capital assets	338,960
Restricted for:	
TABOR	360,111
Unrestricted	(12,470,186)
Total Net Position (deficit)	\$ (11,771,115)

The accompanying notes are an integral part of this statement.

EL PASO COUNTY PUBLIC HEALTH  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental activities:</b>					
Health and welfare	\$ 28,180,456	\$ 4,234,542	\$ 20,578,026	\$ -	\$ (3,367,888)
Total governmental activities	<u>\$ 28,180,456</u>	<u>\$ 4,234,542</u>	<u>\$ 20,578,026</u>	<u>\$ -</u>	<u>\$ (3,367,888)</u>
General revenues:					
Interest income					83,123
Miscellaneous					37,748
Total general revenues					<u>120,871</u>
Change in net position					(3,247,017)
Net position - January 1					<u>(8,524,098)</u>
Net position - December 31					<u><u>\$ (11,771,115)</u></u>

The accompanying notes are an integral part of this statement.

**FUND FINANCIAL STATEMENTS**

EL PASO COUNTY PUBLIC HEALTH  
GOVERNMENTAL FUND  
BALANCE SHEET  
DECEMBER 31, 2019

	<b>General Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 5,170
Cash with County Treasury	4,534,033
Grants and contracts receivable	1,673,563
Accounts receivable	187
Due from El Paso County	197
Total Assets	6,213,150
<b>LIABILITIES AND FUND BALANCES</b>	
<b>LIABILITIES</b>	
Accounts payable	127,753
Due to El Paso County	221,682
Accrued liabilities	417,259
Unearned revenue	1,000,936
Total Liabilities	1,767,630
<b>FUND BALANCES</b>	
Restricted	360,111
Unassigned	4,085,409
Total Fund Balances	4,445,520
Total Liabilities and Fund Balances	\$ 6,213,150

The accompanying notes are an integral part of this statement.

EL PASO COUNTY PUBLIC HEALTH  
RECONCILIATION OF THE GOVERNMENTAL FUND  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2019

Amounts reported for the governmental activities in the statement of net position are difference because:

Fund Balance - Governmental Fund	\$	4,445,520
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund. The cost of the assets is \$761,172 and the accumulated depreciation is \$422,212.		338,960
Deferred outflows of resources, deferred inflows of resources, and liabilities associated with OPEB (GASB 75).		
Deferred outflows related to OPEB	\$	1,258,228
Total OPEB liability		(4,004,779)
Deferred inflows related to OPEB		(602,247)
		(3,348,798)
Deferred outflows of resources, deferred inflows of resources, and liabilities associated with pension (GASB 68).		
Deferred outflows related to pension	\$	5,980,713
Net pension liability		(17,347,114)
Deferred inflows related to pension		(1,114,333)
		(12,480,734)
Long-term liabilities consisting of compensated absences that are not due and payable in the current period, and therefore, are not reported in the fund.		(726,063)
Net Position - Governmental Activities	\$	(11,771,115)

The accompanying notes are an integral part of this statement.

EL PASO COUNTY PUBLIC HEALTH  
GOVERNMENTAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2019

	<b>General Fund</b>
<b>REVENUES</b>	
Charges to El Paso County for programs	\$ 3,856,061
Intergovernmental and other grants	17,386,107
Licenses, fees, and permits	3,570,400
Interest income	83,123
Miscellaneous	37,748
Total Revenues	24,933,439
<b>EXPENDITURES</b>	
Current	
Health and welfare	25,097,231
Total Expenditures	25,097,231
Excess (deficiency) of revenues over (under) expenditures	(163,792)
Net Change in Fund Balance	(163,792)
Fund balance - January 1	4,609,312
Fund balance - December 31	\$ 4,445,520

The accompanying notes are an integral part of this statement.

EL PASO COUNTY PUBLIC HEALTH  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE TO  
THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019

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

Net Change in Fund Balance - Governmental Fund	\$ (163,792)
<p>Capital outlays are reported in the governmental fund as expenditures. However, in the statement of activities, the costs of those assets are allocated over estimated useful lives and reported as depreciation expense. The details of this difference are as follows:</p>	
Loss on disposal of assets	(4,778)
Depreciation	(113,738)
<p>Expenses related to net pension liability activities, calculated under GASB 68, do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.</p>	
	(2,608,956)
<p>Expenses related to total OPEB liability activities, calculated under GASB 75, do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.</p>	
	(397,286)
<p>Compensated absences, reported in the statement of activities, do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.</p>	
	41,533
Change in Net Position - Governmental Activities	\$ (3,247,017)

The accompanying notes are an integral part of this statement.

**NOTES TO THE FINANCIAL STATEMENTS**

EL PASO COUNTY PUBLIC HEALTH  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**NOTE A - Summary of Significant Accounting Policies**

**1. Reporting Entity**

El Paso County Public Health (the Department) is a political subdivision of the State of Colorado established pursuant to Title 25, Article 1 of the Colorado Revised Statutes. The Department, governed by a nine-member Board of Health appointed by the El Paso County Board of County Commissioners, was established to provide a healthful environment for El Paso County, improve the quality of life, prevent premature deaths, maintain community health surveillance, prevent communicable diseases and congenital defects, provide early identification and evaluation of handicapping conditions, prevent chronic debilitating diseases, and provide preventive health services.

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

These financial statements present the Department as a component unit of El Paso County, Colorado. As defined by GASB Statement No. 61, component units are legally separate entities that are included in the primary government's reporting entity because of the significance of their operating or financial relationships with the primary government. The Department is a component unit of El Paso County, Colorado, because it is fiscally dependent on the County. The Department is reported in the County's Comprehensive Annual Financial Report (CAFR) as a discretely presented component unit.

**2. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Department. Governmental activities normally are supported by charges for services and intergovernmental revenues. The Department does not report business-type activities, which rely to a significant extent on fees and charges for support. The Department's net position is reported in three parts - net investment in capital assets; restricted for emergency reserve (TABOR); and unrestricted net position.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments 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. Other items not properly included among program revenues are reported instead as general revenues.

The Department uses one fund (the General Fund) to account for all financial resources. A fund is defined as a fiscal and accounting entity with self-balancing accounts. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Of the three categories of funds (governmental, proprietary and fiduciary), the Department uses only the governmental fund.

**3. Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as 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 as soon as they are both measurable and available.

EL PASO COUNTY PUBLIC HEALTH  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**NOTE A - Summary of Significant Accounting Policies (continued)**

Measurable means that the amount of the transaction can be determined and available means collected within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the Department considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Under modified accrual accounting, expenditures generally are recognized when the related liability is incurred. However, certain liabilities, such as compensated absences are recorded only when payment is due.

**4. Cash and Investments**

For reporting purposes, the Department's cash and cash equivalents are cash on hand and demand deposits. Funds invested in a local government investment pool, ColoTrust, are reported as Cash held with County Treasurer.

ColoTrust is a statutory trust organized and existing under the laws of the State of Colorado and is intended solely for the use of Colorado local governments. ColoTrust is designed to provide local governments with a convenient method for investing in short-term investments carefully chosen to provide maximum safety and liquidity while still maximizing interest earnings. The investment pool is comprised of two funds: ColoTrust Prime and ColoTrust Plus+. ColoTrust Prime invests only in U.S. Treasury and government agencies. ColoTrust Plus+ can invest in U.S. Treasury, government agencies, and in the highest-rated commercial paper. Both programs carry a 'AAAm' rating from S&P Global Ratings.

The Department's investment fund, ColoTrust Plus+, is stated at fair value. As required by state statute, the El Paso County Treasurer serves as Treasurer of the Department and holds all cash and investments for the Department as Department resources.

**5. Receivables and Payables**

Receivables in the general fund consist of 99 percent grants and contracts receivables, and less than one percent other receivables. Management believes these receivables are fully collectable.

Payables in the general fund consist of 45 percent payables to vendors and 55 percent accrued salaries and benefits. There is no retention owed at the end of the fiscal year.

**6. Capital Assets**

Capital assets, which consist of property and equipment, are recorded at cost in the government-wide financial statements. Donated capital assets are recorded at their acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not included in the capital assets. The Department uses a capitalization threshold of \$25,000 for financial statement purposes and depreciates capital assets using straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Leasehold improvements	4
Vehicles	4 - 8
Furniture and fixtures	5
General equipment	5 - 15
Intangibles	5 - 15

**7. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

EL PASO COUNTY PUBLIC HEALTH  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**NOTE A - Summary of Significant Accounting Policies (continued)**

The Department has four items that qualify for reporting as deferred outflows of resources. Deferred outflows related to pension and OPEB have been recorded as of December 31, 2019, which consist of four components: 1) contributions subsequent to measurement date; 2) change in proportionate share of the net liability; 3) changes of assumptions or other inputs; and 4) difference between expected and actual experience. See Note C for additional information.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflow of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The Department has three items that qualify for reporting as deferred inflows of resources. Deferred inflows related to pension and OPEB have been recorded as of December 31, 2019, which consist of three components: 1) change in proportionate share of the net liability; 2) changes of assumptions or other inputs; and 3) difference between expected and actual experience. See Note C for additional information.

**8. Unearned Revenue**

Unearned revenues include revenues that have been collected but corresponding expenditures have not been incurred and the eligibility criteria have not been met.

**9. Compensated Absences**

It is the Department's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick pay benefits, which will be paid to employees upon separation or retirement from service. These liabilities are being reported on the government-wide financial statements and the expenditures are reported in the fund financial statements only when payment is due.

**10. Fund Balance**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. As of December 31, 2019, fund balances of the governmental funds are classified as follows:

- Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, enabling legislation, or constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- Committed - amounts that can be used for specific purposes determined by a formal action of the El Paso County Board of Health, the highest level of decision-making authority. Commitments may be established, modified, or rescinded only through resolutions approved by the El Paso County Board of Health.
- Assigned - amounts that do not meet the criteria to be classified as restricted or committed but which are intended to be used for specific purposes. El Paso County Public Health has delegated the authority to the Public Health Executive Director and Budget Officer to designate funds and amounts to be used for specific purposes.
- Unassigned - amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes with the general fund.

EL PASO COUNTY PUBLIC HEALTH  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**NOTE A - Summary of Significant Accounting Policies (continued)**

**11. Pensions**

The Department participates in the El Paso County Retirement Plan (the Retirement Plan), a cost-sharing, multiple-employer defined benefit pension plan covering all full-time and job-share employees of El Paso County, El Paso County Public Health, Pikes Peak Library District, 4th Judicial District Attorney, and El Paso County Board of Retirement (also known as El Paso County Retirement Plan).

The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, and additions to and deductions from the fiduciary net position of the Plan have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits and refunds of employee contributions are recognized when due and payable in accordance with the benefit terms and statutes governing the Retirement Plan. Expenditures are recognized when the liability is incurred, regardless of when payment is made. Investments are reported at fair value.

**12. Postemployment Benefits Other Than Pensions (OPEB)**

The Department participates in the El Paso County OPEB Plan (the OPEB Plan), a cost-sharing, multiple employer defined post-employment health care benefit plan that covers eligible employees and retirees of the Department, and is administered by El Paso County. The plan also covers employees and retirees of El Paso County, District Attorney's office, and El Paso County Retirement Plan.

The total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits and refunds of employee contributions are recognized when due and payable in accordance with the benefit terms. Expenditures are recognized when the liability is incurred, regardless of when payment is made. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

**13. Use of Estimates**

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and the accompanying notes. Actual results could differ from those estimates.

**14. Concentrations**

Excluding noncash federal vouchers and supplies, the Department received approximately 23% and 56% of its revenue from El Paso County and intergovernmental grants, respectively, for the year ended December 31, 2019.

**15. Implementation of New Accounting Standards**

Effective for the year ended December 31, 2019, the Department implemented the provisions of the following new accounting standard(s):

- GASB Statement No. 84, *Fiduciary Activities*

Effective January 1, 2019, the Department implemented GASB Statement No. 84, *Fiduciary Activities*, and is effective for reporting periods beginning after December 15, 2018. The Statement provides improved guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. This Statement also provides for recognition of a

EL PASO COUNTY PUBLIC HEALTH  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note A - Summary of Significant Accounting Policies (continued)**

liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Implementation of GASB Statement No. 84 had no impact on the Department's financial statements for 2019.



**Health Promotion - Summerfest**

EL PASO COUNTY PUBLIC HEALTH  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2019

**NOTE B - Detailed Notes on All Funds**

**1. Deposits and Investments**

Cash and Investments	12/31/2019	Rating	Maturity Date
Petty Cash	\$ 5,170	*	*
Cash Deposits	1,116,212	*	*
Local Government Investment Pool (ColoTrust)	3,417,821	AAAm	Demand
Total cash and investments	<u>\$ 4,539,203</u>		

\* Not applicable to cash deposits

Cash and investments as of December 31, 2019, are comprised of \$1,116,212 in demand deposits at Wells Fargo Bank, \$5,170 in petty cash, and \$3,417,821 in investments at ColoTrust, held by the El Paso County Treasurer for the Department as required by Colorado state statute. All investment earnings were earned on the accounts held by the Treasurer.

**Deposits**

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 specified by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds.

The collateral pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must equal at least 102% of the uninsured deposits. The State Regulatory Commissions for banks and savings and loan associations 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 December 31, 2019, the Department had bank deposits of \$339,286 collateralized with securities held by the financial institution's agent but not in the Department's name.

**Investments**

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. In order to mitigate credit risk, the Department diversifies the investment portfolio through limiting investments to avoid over concentration in securities from a specific user or business sector (excluding U.S. Treasury securities), limiting investment in securities that have higher credit risks, investing in securities with varying maturities, and continuously investing a portion of the portfolio in readily available funds such as local government investment pools (LGIPs), or money market funds to ensure that appropriate liability is maintained in order to meet ongoing obligations. The Department's investment policy limits the investments to the following securities:

- A. U.S. Treasury obligations
- B. Federal agency and instrumentality securities
- C. Time certificates of deposits (CDs)
- D. Negotiable certificates of deposits
- E. Corporate bonds
- F. Municipal bonds - general obligations and revenue obligations
- G. Commercial paper
- H. Eligible banker's acceptance
- I. Local government investment pools (LGIP)
- J. Repurchase agreements and reverse repurchase agreements
- K. Deposits in state or nationally chartered depository institutions

EL PASO COUNTY PUBLIC HEALTH  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**NOTE B - Detailed Notes on All Funds (continued)**

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Department will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Department's investment policy requires all securities to be in the name of the El Paso County Treasurer and securities must be deposited in a safekeeping account at an authorized depository institution or an eligible security dealer.

Concentration of credit risk is the risk of exposure to loss that can result from failing to diversify investments. The Department's investment policy directs the Treasurer to diversify securities held in the investment portfolio to minimize the risk of losses from an excessive concentration of securities from a single issuer, with similar maturities, or (excluding Treasury securities) in similar categories. The Department does not have any concentration of credit risk.

Interest rate risk is the risk that the portfolio value will fluctuate due to market changes in the general level of interest rates. The Department mitigates risk by providing adequate liquidity for short-term cash needs, and by making longer-term investments only with funds that are not needed for current cash flow purposes. The Department further recognizes that certain types of securities, including variable rate securities, securities with principal pay downs prior to maturity, and securities with embedded options, will affect the market risk profile of the portfolio differently in different interest rate environments, and therefore, adopts the following strategies to control and mitigate its exposure to interest rate risk:

- Liquidity funds will be held in investment instruments maturing within one year at the time of purchase.
- Longer term/core funds will be defined as funds in excess of liquidity requirements. The investments in this portion of the portfolio will have maturities between 1 day and 5 years and will be invested in higher quality and liquid securities.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. As of December 31, 2019, none of the Department's investments were denominated in currencies other than the United States dollar.

The Department categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Portfolio investments are assigned a level based upon the observability of the inputs which are significant to the overall valuation. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The Department does not measure any investments at Level 1, 2, or 3, as all investments are measured at net asset value (NAV) per share.

The ColoTrust is a local government investment pool that reports at the fair value per share of the pool's underlying portfolio. The pool is rated AAAM. Funds rated 'AAAM' demonstrate extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit risk. 'AAAM' is the highest principal stability fund rating assigned by S&P Global Ratings. For pricing and redeeming shares, ColoTrust maintains a stable net asset value (NAV) of \$1 per share using the fair value method. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables. ColoTrust investments of \$3,417,821 are reported at fair value using Net Asset Value (NAV) measurement, and the investments do not have any unfunded commitments, redemption restrictions, or redemptions notice periods.

EL PASO COUNTY PUBLIC HEALTH  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE B - Detailed Notes on All Funds (continued)**

**2. Capital Assets**

Capital asset activity for the year ended December 31, 2019, was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ 4,778	\$ -	\$ (4,778)	\$ -
Total capital assets, not being depreciated	<u>4,778</u>	<u>-</u>	<u>(4,778)</u>	<u>-</u>
Capital assets, being depreciated:				
Leasehold improvements	290,708	-	-	290,708
Vehicles	111,185	-	-	111,185
Furniture and fixtures	247,654	-	(13,242)	234,412
General equipment	56,767	-	-	56,767
Intangibles	68,100	-	-	68,100
Total capital assets, being depreciated	<u>774,414</u>	<u>-</u>	<u>(13,242)</u>	<u>761,172</u>
Less accumulated depreciation for:				
Leasehold improvements	(36,338)	(72,677)	-	(109,015)
Vehicles	(27,366)	(20,345)	-	(47,711)
Furniture and fixtures	(247,654)	-	13,242	(234,412)
General equipment	(3,548)	(7,096)	-	(10,644)
Intangibles	(6,810)	(13,620)	-	(20,430)
Total accumulated depreciation	<u>(321,716)</u>	<u>(113,738)</u>	<u>13,242</u>	<u>(422,212)</u>
Total capital assets being depreciated, net	<u>452,698</u>	<u>(113,738)</u>	<u>-</u>	<u>338,960</u>
Governmental activities capital assets, net	<u>\$ 457,476</u>	<u>\$ (113,738)</u>	<u>\$ (4,778)</u>	<u>\$ 338,960</u>

Depreciation of \$113,738 for the year ended December 31, 2019 was charged to health and welfare expenditures in governmental activities.

EL PASO COUNTY PUBLIC HEALTH  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE B - Detailed Notes on All Funds (continued)**

**3. Long-Term Obligations**

The following is a summary of changes in long-term liabilities for the year ended December 31, 2019:

	<b>Beginning Balance 1/1/2019</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance 12/31/2019</b>	<b>Due Within One Year</b>
<b>Governmental activities:</b>					
Compensated absences	\$ 767,596	\$ 526,679	\$ (568,212)	\$ 726,063	\$ 197,683
Total OPEB liability	4,301,825	312,227	(609,273)	4,004,779	-
Net pension liability	19,166,683	-	(1,819,569)	17,347,114	-
 Long-term liabilities	 <u>\$ 24,236,104</u>	 <u>\$ 838,906</u>	 <u>\$ (2,997,054)</u>	 <u>\$ 22,077,956</u>	 <u>\$ 197,683</u>

For governmental activities, compensated absences, total postemployment benefits other than pension (OPEB) , and net pension liabilities are typically liquidated by the general fund.

**4. Operating Leases**

The Department leases a building from El Paso County on an annual basis. The lease expense for the year ended December 31, 2019 was \$1,276,430. The Department does have a commitment for 2020 to lease the building for \$1,231,747. The Department also leases a second building and office equipment from third parties. Future lease obligations related to the second building and office equipment are::

<b>Year</b>	<b>Minimum Lease Payment</b>
2020	\$ 47,724

Rental expense for all operating leases totaled \$1,318,495 for the year ended December 31, 2019.

**5. Fund Balance**

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories. The composition of the Department's fund balance is as follows:

	<b>General Fund</b>
<b>Restricted:</b>	
TABOR	\$ 360,111
<b>Unassigned:</b>	4,085,409
<b>Total fund balance</b>	<u>\$ 4,445,520</u>

EL PASO COUNTY PUBLIC HEALTH  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE C - Other Information**

**1. Risk Management**

The Department is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; health claims of employees; and natural disasters. The Department carries commercial insurance, which covers healthcare facilities, medical professional liability, general liability, automobile liability, employers' liability, and D&O liability. The limit of coverage on these claims is \$1,000,000.

The Department is also covered by El Paso County's Self-Insurance Fund, a cost-sharing, multiple employer self-insured account that covers the accumulation and allocation of costs associated with insurance claims and administration costs. El Paso County established the Self-Insurance Fund to account for and finance its uninsured risks of loss. Under this program, the fund provides coverage up to a maximum of \$100,000, \$250,000, \$600,000, and \$250,000 for each property damage claim, each workers' compensation claim, each liability claim, and each health claim, respectively. The limit of coverage on the liability claims is \$1,000,000.

**2. Contingencies**

A. Litigation

There is no current pending litigation in which the Department is involved that is expected to result in material judgements against the Department. Nor are there any items involving amounts exceeding \$5,000 individually or in the aggregate.

B. Grants

The Department has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to request for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, the Department management believes such disallowances, if any, will be immaterial.

C. Tax, Spending and Debt Limitation (TABOR)

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer Bill of Rights (TABOR), which added Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations, which apply to the State of Colorado and all local governments.

In November 2004, the voters of El Paso County approved issue 1B at the general election which exempts the Department from the revenue limitations of TABOR.

TABOR is complex and subject to judicial interpretation. The Department believes it is in compliance with the requirements of TABOR. However, the Department has made certain interpretations in TABOR's language in order to determine its compliance. The Department has calculated three percent of its fiscal year revenue (as defined by TABOR) to be reserved for use in declared emergencies.

**3. Retirement Plans**

*Voluntary Defined Contribution Plan*

Together with El Paso County, the Department sponsors a voluntary defined contribution 457(b) plan, which is available to substantially all employees. El Paso County and the Department are not required to make any matching contributions.

EL PASO COUNTY PUBLIC HEALTH  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE C - Other Information (continued)**

*El Paso County Retirement Plan*

A. Plan Description and Provisions

The following brief description of the El Paso County Retirement Plan (the Plan) is provided for informational purposes only. Participants should refer to the plan document for more complete information. The Retirement Plan issues a publicly available financial report that includes financial statements and required supplementary information for the Retirement Plan. That report may be obtained by writing to the El Paso County Retirement Plan, 2880 International Cir., Suite N030, Colorado Springs, Colorado 80910, or by calling (719) 520-7490. The report may also be found at <https://retirement.elpasoco.com>.

**General**

The Plan is a cost-sharing multiple-employer defined benefit pension plan covering all permanent, full-time and job-share employees of the participating employers upon their date of employment. Employers, as defined in the Plan document, include El Paso County, El Paso County Public Health, Pikes Peak Library District, 4th Judicial District Attorney and El Paso County Retirement Plan. All employees hired after September 1, 1967 are required to participate. Employees hired from 1974 through 1981 who were age 60 or older at their date of employment could elect to become a member as of January 1, 1982.

The participants of the Plan consisted of the following as of December 31, 2019 (the most recent actuarial valuation date):

Inactive plan members currently receiving benefits	1,734
Inactive plan members entitled to but not yet receiving benefits	341
Active plan members	<u>2,791</u>
Total	<u><u>4,866</u></u>

The El Paso County Board of Retirement (the Board) manages and administers the Plan. The Board consists of five members, one of whom is the El Paso County Treasurer, two of whom are appointed by the El Paso County Board of Commissioners (the Board of Commissioners) and two of whom are employees of the participating employers elected by participants. The Board shall have all powers necessary to affect the management and administration of the Plan in accordance with its terms. The Board has the powers set forth in Part 1, Title 24, Article 54, of the Colorado Revised Statutes.

**Plan Amendments**

The Board has the right to alter, amend, or terminate the Plan or any part thereof in such manner as it may determine; provided that no such alteration or amendment shall provide that a retirement benefit payable to any retired member shall be less than that provided by his or her accumulated contributions or affect the right of any member to receive a refund of his accumulated contributions and provided further that no alteration, amendment or termination of the Plan or any part thereof shall permit any part of the Plan to revert to or be recoverable by any employer or be used for or diverted to purposes other than the exclusive benefit of members, retired members, terminated vested members or beneficiaries under the Plan, except such funds, if any, as may remain at termination of the Plan after satisfaction of all liabilities with respect to members, retired members, terminated vested members and beneficiaries under the Plan and are due solely to erroneous actuarial calculations.

The Plan is intended to comply with the requirements of the applicable provisions of Internal Revenue Service Code Section 401(a) as now in effect or hereafter amended, and any modification or amendment of the Plan may be made retroactive, as necessary or appropriate, to establish and maintain such compliance.

EL PASO COUNTY PUBLIC HEALTH  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE C - Other Information (continued)**

**Contributions**

Contribution requirements are established and may be amended by the Board. Through December 31, 2009, participants contributed 6% of their monthly compensation to the Plan. The Plan was amended during 2009 to increase the participant monthly contribution rate to 6.5% effective January 1, 2010, 7.0% effective January 1, 2011 and 7.5% effective January 1, 2012. The Plan was further amended in 2013 to increase the participant monthly contribution rate to 8.0% effective January 1, 2014. Under the Plan provisions, the participating employers make monthly contributions at least equal to the contributions made by the participants. Interest is credited on employee contributions at the rate of 3% per annum, compounded monthly. Employee and employer basic contributions amounted to 16% of covered payroll for both 2019 and 2018.

Contributions are tax-deferred to the participants for federal income tax purposes. If participants have at least five or eight years of credited service (see Retirement Benefits below), they are eligible to receive a future monthly retirement benefit. Any refund of contributions paid waives all future rights to any benefits. However, eligible participants who return to employment with a participating employer within 48 months and were previously refunded their contributions may reinstate withdrawn service if they repay the Plan the amount received when employment was terminated, plus interest, within twelve months of rehire.

Active participants who have completed five years of service if hired before January 1, 2013 and eight years of service if hired on or after January 1, 2013 may purchase up to five years of service credit for any period of full-time, nonvested previous employment with any public or private employer. One month of service credit may be purchased for each full month of full-time, nonvested, noncovered employment. The cost to purchase one month of service credit for noncovered employment is the "actuarial equivalent cost", as determined by the actuary for the Plan.

Participants may elect to pay for purchases of service credit in a lump sum or an installment basis. Effective July 2016, service credit purchases may also be made by rollover contributions from an eligible retirement plan. Payments may be made on a monthly, quarterly or annual basis with interest due at the actuarial equivalent interest rate for periodic benefits. The period over which installment payments may be made cannot exceed a period equal to the total amount of credited service to be purchased. Purchased service is recognized when paid.

**Administrative Expenses**

The Plan's administrative expenses are paid from the assets of the Plan accumulated from contributions and investment earnings. During 2019 and 2018, the Plan received \$1,075,000 and \$1,099,000, respectively, from the Plan's employers for reimbursement of administrative and investment expenses.

**Termination Benefits**

Participants vest in accumulated contributions as follows:

- (a) If hired before January 1, 2013 and credited with less than five years of service or hired on or after January 1, 2013 and credited with less than eight years of service: Refund of the participant's accumulated contributions.
- (b) If hired before January 1, 2013 and credited with five or more years of service or hired on or after January 1, 2013 and credited with eight or more years of service:
  - (i) The participant may elect to receive a deferred retirement benefit which shall be equal to the participant's accrued benefit as of the date of termination and payable on the participant's normal

EL PASO COUNTY PUBLIC HEALTH  
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**NOTE C - Other Information (continued)**

retirement date. The participant may elect to receive a reduced retirement benefit beginning on the first day of any month subsequent to the participant's attainment of age 55. The reduction shall be 3% for each year by which payments commence prior to the first of the month following the participant's normal retirement date.

- (ii) In lieu of (i), a participant may elect a current refund of accumulated contributions made by the participant.

**Retirement Benefits**

Participants hired before January 1, 2010 are eligible for normal retirement on the first of the month coincident with attainment of age 62. Participants hired after December 31, 2009 are eligible for normal retirement after attainment of age 62, but not before the completion of 60 months of continuous service. Participants hired after December 31, 2012 are eligible for normal retirement after attainment of age 62, but not before the completion of 96 months of continuous service.

If hired before January 1, 2010, the monthly benefit payable at normal retirement is equal to 2.22% times the final average monthly compensation, times years of credited service earned through December 31, 2012 and 2.00% times the final average monthly compensation, times years of credited service earned after December 31, 2012. If hired on or after January 1, 2010, the monthly benefit payable at normal retirement is equal to 2.00% times final average monthly compensation times years of credited service.

The normal retirement benefit will not be greater than 75% of the participant's final average monthly compensation if hired before January 1, 2013 and not greater than 60% of final average monthly compensation if hired on or after January 1, 2013. Final average compensation is the highest monthly average of considered compensation during the 36 consecutive calendar months of credited service out of the last 120 calendar months of credited service.

A participant is eligible for an early retirement benefit at age 55, provided the member has completed five or eight years of credited service. If the participant is hired before January 1, 2013, five years is required. If hired on or after January 1, 2013, eight years is required. The monthly pension is based on the vested portion of the normal retirement benefit, reduced by 3% for each year the early retirement date precedes the normal retirement date.

A participant is eligible for special early retirement benefits if the sum of the participant's age and credited service equals 75 or more. Employees hired on or after January 1, 2016 must be a minimum age of 50 to be eligible under this provision. The monthly benefit is equal to the normal retirement benefit and is not reduced for early commencement.

The annuity for delayed retirement is computed by the normal retirement formula considering credited service and compensation to actual retirement.

**Disability Benefits**

A participant is eligible for disability benefits if the participant's employment is terminated due to total and permanent disability as determined by eligibility for and receipt of disability benefits continuously until the normal retirement date under (1) the employer's long-term disability plan, or (2) Title II of the Federal Social Security Act. The annuity, payable at age 62, shall be calculated as for normal retirement considering the credited service that would have accrued had the participant been employed until the normal retirement date and the final average compensation during the calendar year preceding the year of the member's disability retirement.

EL PASO COUNTY PUBLIC HEALTH  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE C - Other Information (continued)**

**Payment of Benefits**

The monthly benefit, computed as set forth above, shall be paid in equal monthly payments commencing one month after the actual retirement date continuing at monthly intervals for the retired participant's lifetime thereafter. If the retired participant's death occurs prior to the payment of 120 monthly payments, the remainder of the 120 payments shall be paid to the participant's beneficiary.

**Death Benefits Prior to Retirement**

Death benefits prior to retirement are as follows:

In the event that an active participant or vested participant dies prior to their normal retirement date, the participant's surviving beneficiary will be entitled to either two times the participant's accumulated contributions payable immediately or a monthly benefit equal to 60% of the monthly retirement benefit earned by the member prior to the date of death. Payment of the monthly benefit to the beneficiary will begin on the first of the month following the death or the date the member would have attained age 55, if later. If the participant met the rule of 75 while working and had not applied for retirement no ceased employment as of date of death, their beneficiary will be entitled to a monthly benefit. Under these circumstances, the participant will be deemed to have retired on the first day of the month of their death. If no optional benefit had been elected prior to death, the participant shall be deemed to have elected the full joint and survivor benefit and such benefit shall be payable for the life of the participant's designated beneficiary, if living, following the participant's death.

Between normal and delayed retirement - In the event that a participant dies after their normal retirement date but prior to their actual retirement, their beneficiary will be entitled to a monthly benefit. Under these circumstances, the participant will be deemed to have retired on the first day of the month of their death. If no optional benefit had been elected prior to death, the participant shall be deemed to have elected the full joint and survivor benefit and such benefit shall be payable for the life of the participant's designated beneficiary, if living, following the participant's death.

**Death Benefits after Retirement**

Death benefits after retirement consist of a lump-sum benefit of \$3,000 payable upon the death of a retired participant.

**Plan Termination**

Although not presently contemplated, the Board has the right to terminate the Plan at any time, subject to limitations. In the event of termination, after payment of expenses, accumulated contributions would be returned to the participants, and the remaining assets distributed on a pro rata method to the participants based on accrued benefits. Participating employers would not receive any Plan assets.

B. Net Pension Liability

The total pension liability was determined by an actuarial valuation as of December 31, 2018 using the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of December 31, 2019. Adjustments to roll forward the total pension liability include service cost, interest on total pension liability and benefit payments. The net pension liability is the difference between the total pension liability and the fiduciary net position as of December 31, 2019.

EL PASO COUNTY PUBLIC HEALTH  
 NOTES TO FINANCIAL STATEMENTS  
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**NOTE C - Other Information (continued)**

**Actuarial Assumptions**

The total pension liability as of December 31, 2019 reflects the new actuarial assumptions that were adopted by the Retirement Board in October 2018 based on the experience study for the period January 1, 2013 to December 31, 2017, including:

Inflation	2.50%
Salary increases	Graded by service, from 8.00% to 3.00%
Investment rate of return	7.50%, net of investment expenses. This is based on an inflation rate of 2.50% and a real rate of return of 5.00%.

Mortality rates were based on the RP-2000 Sex-Distinct Mortality Table projected generationally using Projection Scale MP-2017. Mortality rates used for disabled members were based on the RP-2000 Disabled Mortality Table projected generationally using Projection Scale MP-2017.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2019 are summarized in the following table (the rates shown below exclude the inflation component of 2.50%):

Asset Class	Long-Term Expected Real Rate of Return
US Equity	7.91%
International Equity	7.20%
Emerging Markets	12.18%
Fixed Income	0.82%
Hedge Funds	4.88%
Real Estate	4.29%

**Discount Rate**

The discount rate used to measure the total pension liability as of December 31, 2019 was 5.37%. The projection of cash flows used to determine the discount rate assumed that employer contributions will continue to follow the current funding policy adopted by the Retirement Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members until 2050. In accordance with GASB requirements, a municipal bond rate was used in the development of the blended GASB discount rate after that point. The municipal bond rate of 3.26% is based on the S&P Municipal Bond 20-Year High Grade Rate Index as of December 31, 2019. Based on the long-term rate of return of 7.50% and the municipal bond rate of 3.26%, the blended GASB discount rate is 5.37%.

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**NOTE C - Other Information (continued)**

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the Department's proportionate share of the net pension liability, calculated using the discount rate of 5.37%, as well as what the Department's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.37%) or 1-percentage-point higher (6.37%) than the current rate:

	<b>1% Decrease (4.37%)</b>	<b>Current Discount Rate (5.37%)</b>	<b>1% Increase (6.37%)</b>
Department's proportionate share of the net pension liability	\$ 22,360,110	\$ 17,347,114	\$ 13,201,042

**C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2019, the Department reported a liability of \$17,347,114 for its proportionate share of the Plan's net pension liability. The Department's proportion of the net pension liability was based on its contributions to the Plan for the calendar year 2019 relative to the total contributions of participating employers to the Plan. The Department's proportion was 4.62%, which was a decrease of 0.22% from its proportion measured at prior year.

For the year ended December 31, 2019, the Department's portion of the Plan's recognized pension expense totaled \$3,235,359. The Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between projected and actual experience	\$ 325,157	\$ (18,687)
Difference between projected and actual assumptions	5,543,743	(510,701)
Net difference between projected and actual earnings on pension plan investments	-	(192,911)
Changes in proportion and differences between employer contributions and proportionate share of contributions	111,813	(392,034)
Total	\$ 5,980,713	\$ (1,114,333)

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

<b>Year Ended December 31</b>	<b>Deferred Amount</b>
2020	\$ 1,769,243
2021	1,836,581
2022	1,620,470
2023	(359,914)
Total	\$ 4,866,380

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 NOTES TO FINANCIAL STATEMENTS  
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**NOTE C - Other Information (continued)**

**4. Postemployment Benefits Other Than Pensions (OPEB)**

A. Plan Description and Provisions

Employees of the Department are provided with OPEB through El Paso County's OPEB Plan, a cost-sharing multiple-employer defined benefit post-employment health care plan that covers eligible current and retired employees of the Department. The El Paso County Board of Commissioners (the Board of Commissioners) has the authority to amend the contributions and terms of the plan at will. To enroll in the retiree medical plans, the employee must be enrolled in a medical plan at the time of retirement and satisfy the following age and service requirements:

- Normal retirement begins at age 62 with full benefits. Employees hired before 2013 are required to accrue a minimum of five years of service, which those hired in 2013 or later must accrue a minimum of eight years of service.
- Early retirement can begin as early as age 55 if the employee has achieved credited service of five years (if hired before 2013) or eight years (if hired in 2013 or later).
- Special early retirement is available with a minimum of age plus years of service equal to 75. If hired in 2016 or later, an employee must have a minimum of age of 50 plus years of service to attain eligibility through the Rule of 75.
- Spouses of eligible employees and dependent children may also enroll in the plan.

No assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

**Benefits Provided**

The Department provides medical benefits for retirees under age 65 which are the same as those provided for active employees. The medical plan is a self-funded EPO using the Aetna network and administered by EBMS. The plan has a deductible of \$2,000 for individuals and \$6,000 for families. The maximum out-of-pocket is \$6,000 for individuals and \$10,000 for families. Coinsurance is generally 75%. Prescription benefits are managed by Express Scripts and have copays that vary from \$6 for generic drugs up to \$200 for non-preferred specialty drugs. For retirees age 65 and over, medical benefits are a fully insured United American Medicare supplement plan and Medicare Part D Prescription Drug Plan administered by Retiree First.

**Contributions**

The Department generally provides a subsidy for retirees, depending on age and years of service at the time of retirement. Retirees pay the difference between the premium and the Department subsidy. Spouses and dependents of retirees pay 100% of the additional premium costs above the retiree cost. The benefits are funded on a pay-as-you-go basis.

The tables below show the 2019 retiree, Department, and total monthly contributions:

Years of Service	Under 65, Retired Before 2004		
	Retiree	County	Total
15-19 years	\$ 236.01	\$ 577.80	\$ 813.81
20+ years	\$ 89.52	\$ 724.29	\$ 813.81
Spouse	\$ 750.56	\$ 0.00	\$ 750.56

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**NOTE C - Other Information (continued)**

Years of Service	Under 65, Retired 2004 Thru 2019		
	Retiree	County	Total
< 8 years	\$ 813.81	\$ 0.00	\$ 813.81
8-14 years	\$ 366.21	\$ 447.60	\$ 813.81
15-19 years	\$ 203.45	\$ 610.36	\$ 813.81
20+ years	\$ 0.00	\$ 813.81	\$ 813.81
Spouse	\$ 750.56	\$ 0.00	\$ 750.56

Years of Service	Under 65, Elected and Appointed Officials		
	Retiree	County	Total
< 4 years	\$ 813.81	\$ 0.00	\$ 813.81
4-7 years	\$ 406.91	\$ 406.90	\$ 813.81
8+ years	\$ 0.00	\$ 813.81	\$ 813.81
Spouse	\$ 750.56	\$ 0.00	\$ 750.56

Years of Service	Medicare-Eligible		
	Retiree	County	Total
< 8 years	\$ 312.01	\$ 0.00	\$ 312.01
8-14 years	\$ 140.41	\$ 171.60	\$ 312.01
15-19 years	\$ 78.00	\$ 234.01	\$ 312.01
20+ years	\$ 0.00	\$ 312.01	\$ 312.01

Years of Service	Medicare-Eligible, Elected Officials		
	Retiree	County	Total
< 4 years	\$ 312.01	\$ 0.00	\$ 312.01
4-7 years	\$ 156.01	\$ 156.00	\$ 312.01
8+ years	\$ 0.00	\$ 312.01	\$ 312.01

B. OPEB Liabilities, OPEB Expense (Income), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2019, the Department reported a liability of \$4,004,779 for its proportionate share of the collective total OPEB liability. The total OPEB liability was measured as of January 1, 2018, and the collective total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of January 1, 2019. The proportionate share of the collective total OPEB liability has been calculated based on each component unit's projected payments as benefits come due over the long term as compared to the total projected payments of all entities that make benefit payments. At January 1, 2019, the Department's proportion was 2.88 percent, which is consistent with its proportionate measurement at prior year.

For the year ended December 31, 2019, the Department recognized OPEB expense of \$475,524. At December 31, 2019, the Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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**NOTE C - Other Information (continued)**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ -	\$ (306,446)
Changes in assumptions	1,180,164	(295,801)
Department contributions subsequent to the measurement date	78,064	-
Total	\$ 1,258,228	\$ (602,247)

An amount of \$78,064 reported as deferred outflows related to OPEB resulting from Department contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ended December 31</b>	<b>Deferred Amount</b>
2020	\$ 163,298
2021	163,298
2022	163,298
2023	163,298
2024	(57,475)
Thereafter	(17,800)
Total	\$ 577,917

**Actuarial Assumptions**

The actuarial assumptions used in the valuation represent a reasonable long-term expectation of future OPEB outcomes. The assumptions are tested with each valuation for ongoing reasonableness and are updated if appropriate. The proportionate share of the collective total OPEB liability was determined using the following methodologies:

<b>Measurement Date</b>	January 1, 2018
<b>Valuation Date</b>	January 1, 2019
<b>Census Data</b>	All data was provided by El Paso County. The census data was provided in April 2018.
<b>Liability Components</b>	<p><u>Medical</u>: A liability exists for the implicit subsidy due to age. A liability also exists due to explicit employer contribution for retirees.</p> <p><u>Dental</u>: Dental and vision benefits are provided to retirees but do not have an explicit or implicit liability.</p>
<b>Cost Method</b>	Entry age normal, determined as a level percent of projected pay

EL PASO COUNTY PUBLIC HEALTH  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2019

**NOTE C - Other Information (continued)**

<b>Funding Policy</b>	Pay as you go
<b>Discount Rate</b>	3.60% Source: S&P Municipal Bond 20 Year High Grade Rate Index as of January 1, 2019
<b>Payroll Growth</b>	3.5% Provided by El Paso County.
<b>General Inflation</b>	3.0% per year
<b>Mortality Rate</b>	For actives, RP-2014 White Collar Employee Mortality Table, adjusted for improved mortality with a 70% factor applied to male rates and a 55% factor applied to female rates.  For retirees, RFP-2014 Healthy Annuitant Mortality projected to 2018 using the MP-2015 projection scale, with a 73% factor applied to male rates and a 78% factor applied to female rates.

	Sample Rates			
	Actives		Retirees	
	Male	Female	Male	Female
<b>Age</b>				
50	0.083%	0.051%	0.297%	0.198%
55	0.137%	0.078%	0.458%	0.277%
60	0.230%	0.113%	0.635%	0.393%
65	0.406%	0.172%	0.831%	0.595%
70	0.720%	0.299%	1.185%	0.965%

**Termination Before Retirement** Source: Pension valuation as of 1/1/2017

Years of Service	Sample Rates	
	Male	Female
0	20.0%	20.0%
1	17.5%	17.5%
2	12.5%	17.0%
3	12.5%	13.0%
4	10.0%	12.5%
5	9.0%	11.0%
10	4.9%	6.5%
15	3.2%	4.2%
16+	3.0%	4.0%

EL PASO COUNTY PUBLIC HEALTH  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2019

**NOTE C - Other Information (continued)**

**Disability Rate**

Source: Pension valuation as of 1/1/2017

Age	Rate
20	0.02%
25	0.03%
30	0.04%
35	0.06%
40	0.09%
45	0.13%
50	0.20%
55+	0.35%

**Retirement Rate**

Source: Pension valuation as of 1/1/2017

Sample Rates		
Age	Reduced Pension	Unreduced Pension
<=49		30%
50		35%
55	15%	25%
56	5%	15%
57	5%	15%
58	10%	15%
59	10%	15%
60	10%	20%
65		25%
67		20%

**Participation Rate**

59% of active employees are assumed to elect the County's healthcare coverage in retirement.

**Spousal Coverage**

Current active employees: 29% of actives are assumed to be married. 18% of electing retirees are assumed to elect coverage for their spouse. Husbands are assumed to be 3 years older than their wives unless actual spouse age is available.

Current retired employees: Actual spouse information is used where available; otherwise husbands are assumed to be 3 years older than their wives.

**Medical Trend Rate**

The medical claims and premiums are assumed to increase at the following rates. Source: Price Waterhouse Coopers 2017 Assumption and Disclosure Survey

Year	Trend Rate
2019	6.2%
2020	6.0%
2021	5.8%
2022	5.6%
2023	5.4%
2024+	5.2%

EL PASO COUNTY PUBLIC HEALTH  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2019

**NOTE C - Other Information (continued)**

**Medical Aging Factors**

Source: Society of Actuaries 2013 Study "Health Care Costs - From Birth to Death"

Age	Male	Female
50	1.197	1.488
55	1.570	1.733
60	2.023	2.022
65	0.933	0.886

**Admin Costs**

FY 2018	
PMPM	\$ 34.79
Annual Trend	3%

**Excise Tax**

This tax was removed and recently repealed.

**Changes in Assumptions**

Several factors affected the actuarial assumptions used to calculate the Department's proportionate share of the collective total OPEB liability for calendar year 2019. Discount rate was increased from 3.18% to 3.60%. Total impact on liability was a reduction of \$352,577 for 2019.

**Sensitivity of the Department's Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate**

The following table presents the Department's proportionate share of the collective total OPEB liability, as well as what the Department's proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.60 percent) or 1-percentage-point higher (4.60 percent) than the current discount rate:

	1% Decrease (2.60%)	Discount Rate (3.60%)	1% Increase (4.60%)
<b>Total OPEB Liability</b>	\$ 4,825,690	\$ 4,004,779	\$ 3,372,752

EL PASO COUNTY PUBLIC HEALTH  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2019

**NOTE C - Other Information (continued)**

**Sensitivity of the Department's Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate**

The following table presents the Department's proportionate share of the collective total OPEB liability, as well as what the Department's proportionate share of the collective total OPEB liability would be if it were calculated using healthcare cost trend rate that is 1-percentage-point lower (5.2 percent) or 1-percentage-point (7.2 percent) higher than the current healthcare cost trend rate:

	1% Decrease (5.2%)	Trend Rate (6.2%)	1% Increase (7.2%)
<b>Total OPEB Liability</b>	\$ 3,333,253	\$ 4,004,779	\$ 4,887,263

**5. Subsequent Events**

In March 2020, El Paso County Public Health identified and saw a rapid spread of the Coronavirus (COVID-19) throughout El Paso County. A stay at home order was issued by the State of Colorado required that all non-essential business cease operations and close for a period of time in an attempt to slow the spread of COVID-19. El Paso County Public Health is expecting to see a decrease in revenues as a result of the stay at home order. The degree of the impact is difficult to predict at this time and will depend on future developments, which are uncertain. The State of Colorado stay at home order was followed by a safer at home order, which is allowing the state to open back up slowly through the spring of 2020. Once businesses reopen and employee's return to work completely, business activity should return to normal levels.

El Paso County Public Health will be receiving supplemental funding from the CARES Act Relief Fund to assist with the responses and expenses related to COVID-19. The amount of funding is not yet determined but will be used for expenditures incurred due to the public health emergency between the dates of March 1, 2020 and December 30, 2020.



**El Paso County Public Health Staff**

**REQUIRED SUPPLEMENTAL INFORMATION**

EL PASO COUNTY PUBLIC HEALTH  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>REVENUES</b>				
Charges to El Paso County for programs	\$ 3,846,061	\$ 3,846,061	\$ 3,856,061	\$ 10,000
Intergovernmental and other grants	9,327,325	9,468,115	9,436,626	(31,489)
Licenses, fees, and permits	3,736,253	3,736,253	3,570,400	(165,853)
Interest income	25,000	25,000	83,123	58,123
Miscellaneous	24,650	24,650	37,748	13,098
Total Revenues	<u>16,959,289</u>	<u>17,100,079</u>	<u>16,983,958</u>	<u>(116,121)</u>
<b>EXPENDITURES</b>				
Health and welfare	<u>17,609,289</u>	<u>17,750,079</u>	<u>17,058,086</u>	<u>691,993</u>
Total Expenditures	<u>17,609,289</u>	<u>17,750,079</u>	<u>17,058,086</u>	<u>691,993</u>
Net Change in Fund Balance	<u>\$ (650,000)</u>	<u>\$ (650,000)</u>	<u>\$ (74,128)</u>	<u>\$ 575,872</u>

See the accompanying independent auditors' report.

EL PASO COUNTY PUBLIC HEALTH  
 BUDGETARY COMPARISON SCHEDULE  
 BUDGET TO GAAP RECONCILIATION  
 FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>General Fund</u>
<b>Sources/Inflows of Resources</b>	
Total revenues - budgetary basis from the schedule of revenues, expenditures and changes in fund balance - budget and actual	\$ 16,983,958
Noncash federal vouchers and supplies revenue is not an inflow for budgetary purposes but is included as revenue for financial reporting purposes	<u>7,949,481</u>
Total operating and non-operating revenues - GAAP basis from the statement of revenues, expenditures and changes in fund balance	<u><u>24,933,439</u></u>
<b>Sources/Outflows of Resources</b>	
Total expenditures - budgetary basis from the schedule of revenues, expenditures and changes in fund balance - budget and actual	17,058,086
Noncash federal vouchers and supplies expenditure is not an inflow for budgetary purposes but is included as expenditure for financial reporting purposes	7,949,481
Accrued wages are not outflows of budgetary resources but expenditures for financial reporting purposes	<u>89,664</u>
Total operating and non-operating expenditures - GAAP basis from the statement of revenues, expenditures and changes in fund balance	<u><u>\$ 25,097,231</u></u>

EL PASO COUNTY PUBLIC HEALTH  
SCHEDULE OF THE DEPARTMENT'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
EL PASO COUNTY RETIREMENT PLAN  
LAST 6 FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Department's proportion (percentage) of the collective net pension liability	4.62%	4.84%	4.87%	4.66%	4.85%
Department's proportionate share of the collective pension liability	\$ 17,347,114	\$ 19,166,683	\$ 7,236,748	\$ 7,502,307	\$ 7,539,460
Covered payroll	\$ 7,466,028	\$ 7,462,892	\$ 7,264,690	\$ 6,587,399	\$ 6,445,453
Department's proportionate share of the net pension liability as a percentage of its covered payroll	232.35%	256.83%	99.62%	113.89%	116.97%
Plan fiduciary net pension as a percentage of the total pension liability	51.73%	47.66%	72.07%	68.22%	67.55%
	<u>2014</u>				
Department's proportion (percentage) of the collective net pension liability	5.15%				
Department's proportionate share of the collective pension liability	\$ 6,422,570				
Covered payroll	\$ 6,654,364				
Department's proportionate share of the net pension liability as a percentage of its covered payroll	96.52%				
Plan fiduciary net pension as a percentage of the total pension liability	72.66%				

The Department implemented GASB Statement No. 68 in fiscal year 2014. Information for years prior to fiscal year 2014 is unavailable.

See the accompanying independent auditor's report.

EL PASO COUNTY PUBLIC HEALTH  
SCHEDULE OF THE DEPARTMENT'S  
PENSION CONTRIBUTIONS AND RELATED RATIOS  
LAST 6 FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 597,283	\$ 596,997	\$ 581,176	\$ 526,992	\$ 515,782
Contributions in relation to the contractually required contribution	<u>\$(597,283)</u>	<u>\$(596,997)</u>	<u>\$(581,176)</u>	<u>\$(526,992)</u>	<u>\$(515,782)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	\$ 7,466,028	\$ 7,462,892	\$ 7,264,690	\$ 6,587,399	\$ 6,445,453
Contribution as a percentage of covered payroll	8.00%	8.00%	8.00%	8.00%	8.00%
	<u><b>2014</b></u>				
Contractually required contributions	\$ 531,101				
Contributions in relation to the contractually required contribution	<u>\$(531,101)</u>				
Contribution deficiency (excess)	<u>-</u>				
Covered payroll	\$ 6,654,364				
Contribution as a percentage of covered payroll	7.98%				

The Department implemented GASB Statement No. 68 in fiscal year 2014. Information for years prior to fiscal year 2014 is unavailable.

See the accompanying independent auditor's report.

EL PASO COUNTY PUBLIC HEALTH  
 SCHEDULE OF THE DEPARTMENT'S PROPORTIONATE SHARE  
 OF THE COLLECTIVE TOTAL OPEB LIABILITY  
 LAST 2 FISCAL YEARS

	<b>2019</b>	<b>2018</b>
Department's proportion (percentage) of the collective total OPEB liability	2.88%	2.88%
Department's proportionate share of the collective total OPEB liability	\$ 4,004,779	\$ 4,301,825
Department's covered-employee payroll	\$ 7,980,930	\$ 7,711,043
Department's proportionate share of the collective total OPEB liability as a percentage of its covered-employee payroll	50.18%	55.79%

\* The amounts presented for each fiscal year were determined as of December 31.

Historical information is required only for measurement periods for which GASB 75 is applicable.  
 Future years' information will be displayed up to ten years as information becomes available.

See the accompanying independent auditor's report.

EL PASO COUNTY PUBLIC HEALTH  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
December 31, 2019

**1. Budgets and Budgetary Accounting**

Budgets are adopted on a basis consistent with US GAAP and are appropriated for all government funds. All annual appropriations lapse at fiscal year end. Appropriations in governmental funds are encumbered upon issuance of purchase orders, contracts, or other forms of legal commitments. While appropriations lapse as of the end of the fiscal year, the succeeding year's budget resolution specifically provides for the re-appropriation of year-end encumbrances if the Board of Health so chooses. Encumbrances outstanding as of December 31, 2019 do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. Public Health's managers may make transfers of appropriations within a fund. Increases in overall expenditures require approval from the Board of Health. Public Health follows these procedures in establishing the budgetary data reflected in the financial statements:

- A preliminary balanced budget is presented to the Board of Health.
- Prior to December 31, the budget is legally enacted through passage of an appropriation resolution.
- Any revisions that alter the total expenditures of any fund must be approved by the Board of Health by passage of a resolution.
- No fund had excesses of expenditures over appropriations for the year ended December 31, 2019.

**2. Postemployment Benefits Other Than Pension (OPEB)**

No assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

*Changes of assumptions.* Changes of assumptions and other inputs for 2019 reflect the effects of changes in several factors: discount rate increased from 3.18% to 3.60% and the impact of the excise tax was removed as this tax was recently repealed.

### III. STATISTICAL SECTION

**EL PASO COUNTY PUBLIC HEALTH  
STATISTICAL SECTION  
(Unaudited)**

This part of the El Paso County Public Health's (the Department) Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Department's overall financial health.

**Financial Trends**

These schedules contain trend information to help the reader understand how the Department's financial performance and fiscal health have changed over time.

Schedule 1	Net Position by Component
Schedule 2	Changes in Net Position
Schedule 3	Fund Balances, Governmental Funds
Schedule 4	Changes in Fund Balances, Governmental Funds

**Revenue Capacity**

This schedule contains information to help the reader assess the Department's major revenue sources.

Schedule 5	Top Ten Revenue Sources
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**Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Department's financial activities take place.

Schedule 6	Demographic and Economic Statistics
Schedule 7	Principal Employers

**Operating Information**

These schedules contain staffing, operating indicators, facility comparisons, and types of assets to help the user understand how the information in the Department's financial report relates to the services the Department provides and the activities it performs.

Schedule 8	Full-Time Equivalent Employees by Function/Division
Schedule 9	Operating Indicators by Function/Program
Schedule 10	Facilities by Function/Program
Schedule 11	Capital Asset Statistics by Function

## **FINANCIAL TRENDS**

**Schedule 1 - Unaudited  
El Paso County Public Health  
Net Position by Component  
Last Ten Fiscal Years**

	Fiscal Year				
	2010	2011	2012	2013	2014
<b>Governmental Activities</b>					
Net investment in capital assets	\$ 431,138	\$ 295,328	\$ 191,984	\$ 102,652	\$ 43,209
Restricted	545,278	302,761	300,311	315,844	285,884
Unrestricted	3,276,398	2,842,886	2,004,220	2,482,548	2,437,421
Total Governmental Activities Net Position	<u>\$ 4,252,814</u>	<u>\$ 3,440,975</u>	<u>\$ 2,496,515</u>	<u>\$ 2,901,044</u>	<u>\$ 2,766,514</u>

	Fiscal Year				
	2015	2016	2017	2018	2019
<b>Governmental Activities</b>					
Net investment in capital assets	\$ 10,713	\$ -	\$ 308,124	\$ 457,476	\$ 338,960
Restricted	293,789	299,182	311,320	339,472	360,111
Unrestricted	(3,879,481)	(3,489,592)	(3,402,796)	(9,321,046)	(12,470,186)
Total Governmental Activities Net Position	<u>\$(3,574,979)</u>	<u>\$(3,190,410)</u>	<u>\$(2,783,352)</u>	<u>\$(8,524,098)</u>	<u>\$(11,771,115)</u>

Data Source:  
Statement of Net Position  
El Paso County Public Health Financial Statements

**Schedule 2 - Unaudited  
El Paso County Public Health  
Changes in Net Position  
Last Ten Fiscal Years**

<b>Expenses</b>	<b>Fiscal Year</b>				
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Governmental activities					
Health and welfare	\$ 23,783,117	\$ 24,669,878	\$ 24,913,815	\$ 25,147,452	\$ 24,856,444
Total expenses	<u>23,783,117</u>	<u>24,669,878</u>	<u>24,913,815</u>	<u>25,147,452</u>	<u>24,856,444</u>
<b>Program Revenues</b>					
Charges for services					
Health and welfare	5,302,055	5,355,488	5,771,840	5,838,029	5,989,446
Operating grants and contributions					
Health and welfare	18,930,423	18,577,028	18,119,214	19,666,508	18,655,138
<b>General Revenues</b>					
Interest income	5,569	3,975	6,007	2,478	2,262
Miscellaneous	81,053	155,816	72,294	44,966	75,068
Gain/loss on capital asset disposals	-	(234,268)	-	-	-
Total revenues	<u>24,319,100</u>	<u>23,858,039</u>	<u>23,969,355</u>	<u>25,551,981</u>	<u>24,721,914</u>
<b>Changes in Net Position</b>	<u>\$ 535,983</u>	<u>\$ (811,839)</u>	<u>\$ (944,460)</u>	<u>\$ 404,529</u>	<u>\$ (134,530)</u>

<b>Expenses</b>	<b>Fiscal Year</b>				
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Governmental activities					
Health and welfare	\$ 23,846,915	\$ 23,621,873	\$ 23,854,639	\$ 27,038,371	\$ 28,180,456
Total expenses	<u>23,846,915</u>	<u>23,621,873</u>	<u>23,854,639</u>	<u>27,038,371</u>	<u>28,180,456</u>
<b>Program Revenues</b>					
Charges for services					
Health and welfare	6,756,410	7,313,423	7,763,528	3,532,657	4,234,542
Operating grants and contributions					
Health and welfare	17,121,635	16,618,193	16,407,076	21,171,307	20,578,026
<b>General Revenues</b>					
Interest income	3,171	18,479	34,888	62,277	83,123
Miscellaneous	46,776	56,347	56,205	22,382	37,748
Gain/loss on capital asset disposals	-	-	-	-	-
Total revenues	<u>23,927,992</u>	<u>24,006,442</u>	<u>24,261,697</u>	<u>24,788,623</u>	<u>24,933,439</u>
<b>Changes in Net Position</b>	<u>\$ 81,077</u>	<u>\$ 384,569</u>	<u>\$ 407,058</u>	<u>\$ (2,249,748)</u>	<u>\$ (3,247,017)</u>

Data Source:  
Statement of Activities  
El Paso County Public Health Financial Statements

**Schedule 3 - Unaudited  
El Paso County Public Health  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years**

	Fiscal Year				
	2010	2011	2012	2013	2014
<b>General Fund</b>					
Nonspendable	\$ -	\$ 26,939	\$ -	\$ -	\$ -
Restricted	-	302,761	300,311	315,844	285,884
Assigned	-	1,243,291	1,256,942	973,463	1,078,807
Unassigned	-	2,815,947	2,004,220	2,482,548	2,437,421
Reserved	545,278	-	-	-	-
Unreserved	3,276,398	-	-	-	-
<b>Total General Fund</b>	<b><u>\$ 3,821,676</u></b>	<b><u>\$ 4,388,938</u></b>	<b><u>\$ 3,561,473</u></b>	<b><u>\$ 3,771,855</u></b>	<b><u>\$ 3,802,112</u></b>

	Fiscal Year				
	2015	2016	2017	2018	2019
<b>General Fund</b>					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	293,789	299,182	311,320	339,472	360,111
Assigned	-	-	-	-	-
Unassigned	3,784,703	4,488,929	4,790,114	4,269,840	4,085,409
Reserved	-	-	-	-	-
Unreserved	-	-	-	-	-
<b>Total General Fund</b>	<b><u>\$ 4,078,492</u></b>	<b><u>\$ 4,788,111</u></b>	<b><u>\$ 5,101,434</u></b>	<b><u>\$ 4,609,312</u></b>	<b><u>\$ 4,445,520</u></b>

Data Source:

Governmental Fund Balance Sheet

El Paso County Public Health Financial Statements

\* GASB 54 was implemented in 2011. Years 2011 and after are presented in compliance with GASB 54.

Information for 2010 is presented as before GASB 54 implementation. Data is not available to restate.

**Schedule 4 - Unaudited**  
**El Paso County Public Health**  
**Changes in Fund Balance, Governmental Fund**  
**Last Ten Fiscal Years**

	Fiscal Year				
	2010	2011	2012	2013	2014
<b>Revenues</b>					
Charges to El Paso County for programs	\$ 2,803,948	\$ 2,953,948	\$ 3,285,804	\$ 3,285,804	\$ 3,285,804
Intergovernmental and other grants	18,930,423	18,577,028	18,119,214	19,666,508	18,661,552
Licenses, fees, and permits	2,498,107	2,401,540	2,486,036	2,552,225	2,697,228
Interest income	5,569	3,975	6,007	2,478	2,262
Miscellaneous	81,053	155,816	72,294	44,966	75,068
Total revenues	<u>24,319,100</u>	<u>24,092,307</u>	<u>23,969,355</u>	<u>25,551,981</u>	<u>24,721,914</u>
<b>Expenditures</b>					
Current					
Health and welfare	23,631,619	24,550,039	24,796,820	25,341,599	24,691,657
Capital outlay	313,961	181,021	-	-	-
Total expenditures	<u>23,945,580</u>	<u>24,731,060</u>	<u>24,796,820</u>	<u>25,341,599</u>	<u>24,691,657</u>
Excess of revenues over (under) expenditures	<u>373,520</u>	<u>(638,753)</u>	<u>(827,465)</u>	<u>210,382</u>	<u>30,257</u>
Fund balance at beginning of year	3,448,156	3,821,676	4,388,938	3,561,473	3,771,855
Prior period restatement	-	1,206,015	-	-	-
Fund balance at end of year	<u>\$ 3,821,676</u>	<u>\$ 4,388,938</u>	<u>\$ 3,561,473</u>	<u>\$ 3,771,855</u>	<u>\$ 3,802,112</u>

	Fiscal Year				
	2015	2016	2017	2018	2019
<b>Revenues</b>					
Charges to El Paso County for programs	\$ 3,285,804	\$ 3,285,804	\$ 3,326,486	\$ 3,392,167	\$ 3,856,061
Intergovernmental and other grants	17,642,568	17,428,129	17,431,290	17,860,319	17,386,107
Licenses, fees, and permits	2,949,673	3,217,683	3,412,828	3,451,478	3,570,400
Interest income	3,171	18,479	34,888	62,277	83,123
Miscellaneous	46,776	56,347	56,205	22,382	37,748
Total revenues	<u>23,927,992</u>	<u>24,006,442</u>	<u>24,261,697</u>	<u>24,788,623</u>	<u>24,933,439</u>
<b>Expenditures</b>					
Current					
Health and welfare	23,651,612	23,296,823	23,631,654	25,065,927	25,097,231
Capital outlay	-	-	316,720	214,818	-
Total expenditures	<u>23,651,612</u>	<u>23,296,823</u>	<u>23,948,374</u>	<u>25,280,745</u>	<u>25,097,231</u>
Excess of revenues over (under) expenditures	<u>276,380</u>	<u>709,619</u>	<u>313,323</u>	<u>(492,122)</u>	<u>(163,792)</u>
Fund balance at beginning of year	3,802,112	4,078,492	4,788,111	5,101,434	4,609,312
Prior period restatement	-	-	-	-	-
Fund balance at end of year	<u>\$ 4,078,492</u>	<u>\$ 4,788,111</u>	<u>\$ 5,101,434</u>	<u>\$ 4,609,312</u>	<u>\$ 4,445,520</u>

Data Source:  
Statement of Revenue, Expenditures and Changes in Fund Balance  
El Paso County Public Health Financial Statements

## **REVENUE CAPACITY**

Schedule 5 - Unaudited  
El Paso County Public Health  
Top Ten Revenue Sources

Revenue Source	2019			2010		
	Revenue	Rank	Percentage of Total Revenue	Revenue	Rank	Percentage of Total Revenue
Noncash Federal WIC	\$ 7,949,481	1	32.04%	\$ 8,755,029	1	36.00%
El Paso County	3,856,061	2	15.54%	2,803,948	3	11.53%
WIC Grant	3,081,114	3	12.42%	3,070,507	2	12.63%
Nurse Home Visitor Grant	1,127,072	4	4.54%	1,287,061	5	5.29%
Food Service Fees	997,040	5	4.02%	574,359	9	2.36%
State LPHA Funding	964,579	6	3.89%	874,275	6	3.60%
Vital Statistics Fees	879,095	7	3.54%	681,014	7	2.80%
Tobacco Settlement Grant	679,050	8	2.74%			
Emergency Preparedness Grant	621,468	9	2.50%			
Family Planning Grant	493,697	10	1.99%	588,587	8	2.42%
TANF Grant				499,660	10	2.05%
Bio Terrorism Grant				1,830,415	4	7.53%
El Paso County Public Health Total Revenue	\$ 24,812,568			\$ 24,319,100		

Data Source:  
Statement of Revenue, Expenditures and Changes in Fund Balance  
El Paso County Public Health Financial Statements



**Environmental Health Services - Body Art Inspection**

## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

**Schedule 6 - Unaudited  
El Paso County Public Health  
Demographic and Economic Statistics  
Last Ten Calendar Years**

Year	Population *				Total Personal Income	Per Capita Personal Income **		
	Colorado	Change from Prior Period	El Paso County	Change from Prior Period		Colorado	El Paso County	El Paso County as a Percentage of Colorado
2010	5,029,196	1.05%	622,263	2.26%	24,123,028	41,717	38,600	92.53%
2011	5,116,302	1.73%	637,302	2.42%	25,470,641	44,179	40,246	91.10%
2012	5,189,458	1.43%	645,678	1.31%	26,050,723	45,089	40,346	89.48%
2013	5,268,367	1.52%	655,150	1.47%	26,626,735	46,824	40,642	86.80%
2014	5,355,866	1.66%	662,874	1.18%	28,079,165	49,823	42,360	85.02%
2015	5,443,612	1.64%	674,630	1.77%	29,262,206	50,971	43,385	85.12%
2016	5,540,545	1.78%	688,227	2.01%	30,315,645	51,999	44,409	85.40%
2017	5,607,154	1.20%	699,232	1.60%	31,149,325	54,646	46,511	85.11%
2018	5,695,564	1.58%	713,856	2.09%	34,598,539**	58,456	48,467	82.91%
2019	5,758,736	1.11%	720,403	0.92%	36,605,254	***	***	***

Year	El Paso County Civilian Labor Force *			Public School Enrollment	Motor Vehicles Registered
	Employed	Unemployed	Unemployment Rate		
2010	272,571	29,462	9.80%	109,962	495,418
2011	272,831	27,722	9.20%	111,318	498,573
2012	301,831	26,259	8.70%	126,274	508,616
2013	274,091	21,325	8.00%	116,061	515,108
2014	278,409	14,199	5.10%	113,837	529,595
2015	293,736	14,200	4.60%	117,928	545,363
2016	311,612	9,854	3.20%	118,754	576,719
2017	329,377	11,199	3.40%	119,442	568,674
2018	349,709	15,737	4.50%	121,192	592,000
2019	347,862	9,740	2.80%	122,783	603,000

Notes:

\* Data revised in 2019 with most recent information from the FRED Economic Data

\*\* Data revised in 2019 with most recent information from the Bureau of Economic Analysis

\*\*\* 2019 Data not available

Data Source:

El Paso County Clerk and Recorder  
Colorado Department of Education  
Colorado Division of Labor and Employment  
Bureau of Economic Analysis  
Federal Reserve Bank of St. Louis (FRED)

Schedule 7 - Unaudited  
 El Paso County Public Health  
 Principal Employers

<u>Employer</u>	<u>2019</u>			<u>2010</u>		
	<u>Percentage of Total El Paso County Employees</u>	<u>Rank</u>	<u>Employment</u>	<u>Percentage of Total El Paso County Employees</u>	<u>Rank</u>	<u>Employment</u>
Fort Carson	34,411	1	12.14%	24,500	1	10.50%
United States Air Force Academy	8,730	2	3.08%	10,350	3	4.44%
UCHealth Memorial Health System	6,575	3	2.32%	8,124	4	3.48%
Schriever Air Force Base	6,391	4	2.25%	4,700	5	2.01%
Peterson Air Force Base	5,089	5	1.79%	11,139	2	4.77%
School District #11 - Colorado Spgs	3,937	6	1.39%	4,000	6	1.71%
School District #20 - Air Academy	3,373	7	1.19%	2,700	7	1.16%
Penrose-St. Francis Health Services	3,300	8	1.16%	2,650	8	1.14%
City of Colorado Springs*	2,800	9	0.99%	2,300	9	0.99%
El Paso County*	2,497	10	0.88%	2,000	10	0.86%
	<b><u>77,103</u></b>			<b><u>72,463</u></b>		
El Paso County Total Employment *	283,554			233,357		

Note:

\* State of Colorado, LMI Gateway, 2nd Qtr 2019 / 2010

Data Source:

Various, including Colorado Springs Business Journal, journals, annual reports, company web sites, Colorado Department Labor and Employment, Market Information, and ReferenceUSA

## **OPERATING INFORMATION**

Schedule 8 - Unaudited  
 El Paso County Public Health  
 Full-Time Equivalent Employees by Function/Division  
 Last Ten Fiscal Years

Function/Division	Full-Time Equivalent Employees				
	2010	2011	2012	2013	2014
Health and Welfare *	178.00	178.00	178.00	141.00	138.00
Administration	-	-	-	-	-
Disease Prevention & Control **	-	-	-	-	-
Health Promotion & Disease Prevention	-	-	-	-	-
Environmental Health Services	-	-	-	-	-
Health Prevention Services **	-	-	-	-	-
Health Services	-	-	-	-	-
<b>Total Employees</b>	<b>178.00</b>	<b>178.00</b>	<b>178.00</b>	<b>141.00</b>	<b>138.00</b>

Function/Division	Full-Time Equivalent Employees				
	2015	2016	2017	2018	2019
Health and Welfare *					
Administration	12.80	14.44	17.25	21.47	23.95
Disease Prevention & Control **	11.70	11.63	-	-	-
Health Promotion & Disease Prevention	-	-	29.00	24.53	25.80
Environmental Health Services	23.00	23.25	28.75	35.50	38.50
Health Prevention Services **	6.50	7.61	-	-	-
Health Services	80.00	81.17	67.00	66.50	69.75
<b>Total Employees</b>	<b>134.00</b>	<b>138.10</b>	<b>142.00</b>	<b>148.00</b>	<b>158.00</b>

Notes:

\* Data by Division not available

\*\* Disease Prevention - Health Promotion

Data Source: El Paso County Public Health Budget

**Schedule 9 - Unaudited**  
**El Paso County Public Health**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

Function/Program	Operating Indicators				
	2010	2011	2012	2013	2014
Health and Welfare					
Clinical Services					
Number of Vaccines Administered	13,076	11,591	10,607	9,414	7,921
Total Child Visits	3,540	2,822	2,356	1,780	1,812
Total Travel/Adult Visits	1,224	2,047	1,980	2,007	1,955
Environmental Health Services					
Total Food Safety Classes	*	*	*	*	*
Total Retail Food Inspections	*	*	*	*	*
Total Permits Issued - Onsite Wastewater Treatment System	*	*	*	*	*
Total Body Art Establishments in El Paso County	*	*	*	*	*
Total Childcare Inspections	*	*	*	*	*
Total Water Recreation Inspections	*	*	*	*	*
Total School Safety Inspections	*	*	*	*	*
Total Waste Tire Inspections	*	*	*	*	*
Total Construction Activity Permit Applications	*	*	*	*	*
Total Open Burning Permit Applications	*	*	*	*	*
Number of Complaints of Excessive Smoke and Dust Received	*	*	*	*	*

Data Source:

\* Data not available

Department managers within each function/program

**Schedule 9 - Unaudited (continued)**  
**El Paso County Public Health**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

<b>Function/Program</b>	<b>Operating Indicators</b>				
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Health and Welfare					
Clinical Services					
Number of Vaccines Administered	8,307	9,822	11,100	8,897	12,087
Total Child Visits	1,712	1,644	2,033	1,812	1,456
Total Travel/Adult Visits	2,109	2,855	2,925	2,891	1,146
Environmental Health Services					
Total Food Safety Classes	773	774	963	983	1,288
Total Retail Food Inspections	5,336	5,071	5,792	5,894	4,322
Total Permits Issued - Onsite Wastewater Treatment System	454	507	597	606	588
Total Body Art Establishments in El Paso County	125	106	116	103	127
Total Childcare Inspections	214	264	255	241	313
Total Water Recreation Inspections	456	437	431	406	399
Total School Safety Inspections	44	52	63	40	13
Total Waste Tire Inspections	129	182	167	135	117
Total Construction Activity Permit Applications	84	84	66	84	110
Total Open Burning Permit Applications	62	28	32	36	38
Number of Complaints of Excessive Smoke and Dust Received	40	50	42	43	39

Data Source:

\* Data not available

Department managers within each function/program

**Schedule 10 - Unaudited  
El Paso County Public Health  
Facilities by Function/Program  
Last Ten Fiscal Years**

<b>Function/Program</b>	<b>Facilities</b>				
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Health and Welfare					
Union Facility *					
Clinical Services	Yes	Yes	No	No	No
WIC	Yes	Yes	No	No	No
Environmental Health	Yes	Yes	No	No	No
Community Services	Yes	Yes	No	No	No
Garden of The Gods Facility *					
Clinical Services	No	Yes	Yes	Yes	Yes
WIC	No	Yes	Yes	Yes	Yes
Environmental Health	No	Yes	Yes	Yes	Yes
Community Services	No	Yes	Yes	Yes	Yes
Widefield Facility					
WIC	No	Yes	Yes	Yes	Yes
Fountain Facility					
WIC	No	No	No	No	No

<b>Function/Program</b>	<b>Facilities</b>				
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Health and Welfare					
Union Facility *					
Clinical Services	No	No	No	No	No
WIC	No	No	No	No	No
Environmental Health	No	No	No	No	No
Community Services	No	No	No	No	No
Garden of The Gods Facility *					
Clinical Services	Yes	Yes	Yes	Yes	Yes
WIC	Yes	Yes	Yes	Yes	Yes
Environmental Health	Yes	Yes	Yes	Yes	Yes
Community Services	Yes	Yes	Yes	Yes	Yes
Widefield Facility					
WIC	Yes	Yes	Yes	Yes	Yes
Fountain Facility					
WIC	No	No	No	Yes	Yes

Note:

\* Changed facilities in 2011

Data Source:

Department managers within each function/program

**Schedule 11 - Unaudited  
 El Paso County Public Health  
 Capital Asset Statistics by Function  
 Last Ten Fiscal Years**

<b>Function</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Health and Welfare					
Equipment and Furniture & Fixtures	11	13	13	13	13
Vehicles	-	-	-	-	-
Electronic Health Record Systems	-	-	-	-	-
Leasehold Improvements WIC	-	-	-	-	-

<b>Function</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Health and Welfare					
Equipment and Furniture & Fixtures	13	13	13	14	12
Vehicles	-	-	3	4	4
Electronic Health Record Systems	-	-	-	1	1
Leasehold Improvements WIC	-	-	-	1	1

Data Source:  
 El Paso County Public Health Financial Capital Assets Records



Public Health Laboratory

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***EL PASO COUNTY PUBLIC HEALTH***  
*FEDERAL AWARDS REPORTS*  
*IN ACCORDANCE WITH THE*  
*SINGLE AUDIT ACT AND*  
*UNIFORM GUIDANCE*  
*DECEMBER 31, 2019*

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CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

**Independent Auditors' 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  
El Paso County Public Health  
Colorado Springs, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of El Paso County Public Health (the Department), as of and for the year ended December 31, 2019, and the related notes to financial statements, which collectively comprise the Department's basic financial statements, and have issued our report thereon dated June 11, 2020.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the Department'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 and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*RubinBrown LLP*

June 11, 2020

**Independent Auditors' Report On Compliance  
For The Major Federal Program; Report On  
Internal Control Over Compliance; And Report  
On The Schedule Of Expenditures Of Federal  
Awards Required By The Uniform Guidance**

Board of Health  
El Paso County Public Health  
Colorado Springs, Colorado

**Report On Compliance For The Major Federal Program**

We have audited El Paso County Public Health's (the Department) compliance with the types of compliance requirements described in the Office of Management and Budget's *OMB Compliance Supplement* that could have a direct and material effect on the Department's major federal program for the year ended December 31, 2019. The Department's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for the Department's major federal program based on our audit of the types of compliance requirements referred to above. 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 the Department'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 the major federal program. However, our audit does not provide a legal determination of the Department's compliance.

### ***Opinion On The Major Federal Program***

In our opinion, the Department complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2019.

### **Report On Internal Control Over Compliance**

Management of the Department is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Department's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over compliance.

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

Our 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 over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

**Report On Schedule Of Expenditures Of Federal Awards Required By  
The Uniform Guidance**

We have audited the financial statements of governmental activities and the major fund of the Department as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements. We have issued our report thereon dated June 11, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

*RubinBrown LLP*

June 11, 2020

**EL PASO COUNTY PUBLIC HEALTH**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For The Year Ended December 31, 2019**

Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures To Sub- Recipients
<b>Department Of Agriculture</b>				
Passed through the Colorado Department of Public Health and Environment				
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557	19FHFLA112096	\$ 2,259,972	\$ —
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557	20FHFLA140871	821,142	—
WIC Breastfeeding Peer Counselor	10.557	19FHFLA112143	80,967	—
WIC Breastfeeding Peer Counselor	10.557	20FHFLA140926	32,493	—
Special Supplemental Nutrition Program for Women, Infants, and Children - Non-cash	10.557		7,949,481	—
<b>Total Department Of Agriculture</b>			11,144,055	—
<b>Environmental Protection Agency</b>				
Passed through the Colorado Department of Public Health and Environment				
Radon	66.605	FAAA20190007745	6,775	—
<b>Total Environmental Protection Agency</b>			6,775	—
<b>Department Of Health And Human Services</b>				
Passed through the Colorado Department of Public Health and Environment				
Public Health Emergency Preparedness - Cities Readiness Initiative	93.069	20FHJA126806	52,784	—
Public Health Emergency Preparedness - Cities Readiness Initiative	93.069	19FHJA109856	62,263	—
Public Health Emergency Preparedness - CORE	93.069	19FHJA108766	289,806	—
Public Health Emergency Preparedness - CORE	93.069	20FHJA129527	308,214	—
Public Health Emergency Preparedness - EPI Conference	93.069		19,572	—
Subtotal CFDA #		93.069	732,639	—
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	19FHHA109263	7,500	—
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	20FHHA000128	9,000	—
Subtotal CFDA #		93.116	16,500	—
Family Planning Services - Title X	93.217	2018*3651	145,141	—
Family Planning Services - Title X	93.217	2018*3651	83,747	—
Subtotal CFDA #		93.217	228,888	—
Immunization Cooperative Agreements	93.268	19FHHA112668	68,237	—
Immunization Core Services	93.539	19FHHA122087	54,002	—
Immunization Core Services	93.539	19FHHA122087	133,275	—
Subtotal CFDA #		93.539	187,277	—
Teen Suicide Prevention	93.624	19FHFLA11612	54,498	—
Emergency Preparedness - Refugee TB Screening	93.755	FAAA201900004881	600	—
Emergency Preparedness - Refugee TB Screening	93.755	FAAA20200003032	200	—
Subtotal CFDA #		93.755	800	—
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	19FHHA121735	15,130	—
Maternal and Child Health Services Block Grant to the States - Child Adolescent	93.994	19FHFLA112049	239,875	—
Maternal and Child Health Services Block Grant to the States - Child Adolescent	93.994	20FHFLA002282	74,078	—
Maternal and Child Health Services Block Grant to the States - Child Care Coordination	93.994	19FHFLA112049	141,533	—
Maternal and Child Health Services Block Grant to the States - Child Care Coordination	93.994	20FHFLA002282	13,283	—
Subtotal CFDA #		93.994	468,768	—
<b>Total Department Of Health And Human Services</b>			1,772,738	—
<b>Total Expenditures Of Federal Awards</b>			\$ 12,923,568	\$ —

# EL PASO COUNTY PUBLIC HEALTH

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## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2019

### 1. **Basis Of Presentation And Basis Of Accounting**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of El Paso County Public Health (the Department) and is presented on the modified accrual basis of accounting. The information in the accompanying schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Therefore, some amounts presented in the schedule may differ from the amounts presented in, or used in, the preparation of the basic financial statements.

### 2. **Noncash Items**

The Special Supplemental Food Program for Women, Infants, and Children, CFDA No. 10.557, includes \$7,949,481 of food vouchers provided to individuals in the Department's service area, as reported by the Colorado Department of Public Health and Environment.

### 3. **Indirect Costs**

The Department has not elected to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance, Section 414.

**EL PASO COUNTY PUBLIC HEALTH**  


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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For The Year Ended December 31, 2019**

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**Section I - Summary Of Auditors' Results**  


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**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?      \_\_\_ yes       no
- Significant deficiency(ies) identified?      \_\_\_ yes       none noted

Noncompliance material to financial statements noted?

\_\_\_ yes       no

**Federal Awards**

Internal control over major federal program:

- Material weakness(es) identified?      \_\_\_ yes       no
- Significant deficiency(ies) identified?      \_\_\_ yes       none noted

Type of auditors' report issued on compliance for major federal program:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)

\_\_\_ yes       no

Identification of major federal program:

CFDA Number(s)	Name Of Federal Program Or Cluster
10.557	U.S. Department of Agriculture - Special Supplemental Nutritional Program for Women, Infants, and Children (WIC)

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

yes      \_\_\_ no

**EL PASO COUNTY PUBLIC HEALTH**

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*)**  
**For The Year Ended December 31, 2019**

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**Section II - Financial Statement Findings**

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None

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**Section III - Federal Award Findings And Questioned Costs**

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None