

SAN JUAN BASIN PUBLIC HEALTH

ANNUAL FINANCIAL AND COMPLIANCE REPORT

December 31, 2021

SAN JUAN BASIN PUBLIC HEALTH

ANNUAL FINANCIAL AND COMPLIANCE REPORT

TABLE OF CONTENTS

December 31, 2021

	<u>Page</u>
FINANCIAL SECTION	
Independent Auditor's Report.....	1
Management's Discussion and Analysis (Required Supplementary Information)	4
<u>Basic Financial Statements</u>	
Government-wide Financial Statements	
Statement of Net Position.....	11
Statement of Activities.....	12
<u>Governmental Fund Financial Statements</u>	
Balance Sheet	13
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	14
Statement of Revenues, Expenditures and Changes in Fund Balance	15
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	16
Notes to Financial Statements.....	17
<u>Required Supplementary Information</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	26
OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	27
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	29
FEDERAL FINANCIAL ASSISTANCE SECTION	
Schedule of Findings and Questioned Costs.....	32
Schedule of Expenditures of Federal Awards.....	35
Notes to the Schedule of Expenditures of Federal Awards	37

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Director and Board of Health
San Juan Basin Public Health
Durango, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, and the major fund of the San Juan Basin Public Health as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise San Juan Basin Public Health's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of San Juan Basin Public Health as of December 31, 2021, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of San Juan Basin Public Health and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about San Juan Basin Public Health's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations,

or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of San Juan Basin Public Health's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about San Juan Basin Public Health's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4–10 and 26 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise San Juan Basin Public Health's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2022, on our consideration of San Juan Basin Public Health'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of San Juan Basin Public Health's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering San Juan Basin Public Health's internal control over financial reporting and compliance.

FredrickZink & Associates, PC

FredrickZink & Associates, PC
September 29, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
December 31, 2021

INTRODUCTION

As management of San Juan Basin Public Health ("SJBPH"), we offer this narrative overview and analysis of the financial activities of SJBPH for the year ended December 31, 2021. We encourage the readers to consider this Management's Discussion and Analysis (MD&A) in conjunction with SJBPH's Basic Financial Statements and Independent Auditor's Report.

The MD&A is an element of the financial reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

Background Information

San Juan Basin Public Health is a Colorado district health agency serving La Plata and Archuleta Counties, as well as contracted service to other surrounding counties. The agency is governed by a seven-member Board of Health made up of one representative County Commissioner from each member county and five non-elected members which are appointed by an appointments committee (made up of one member commissioner from each county comprising the district).

SJBPH is legally mandated to meet Public Health and Environment Minimum Quality Standards and Core Public Health Services as defined in the Colorado Public Health Act of 2008, C.R.S 25-1-501(2008 Act) et seq. Mandated state and county funding is needed to meet these requirements. In addition, SJBPH seeks additional support from other funding sources including Colorado Department of Public Health & Environment (CDPHE), local governments, agencies, private foundations, etc.

SJBPH's mission is to protect human and environmental health and to inspire well-being in our community. SJBPH's vision is that we are leaders aiming to achieve healthy communities and health equity. SJBPH works to reflect the diverse communities within which we operate and through this work, demonstrate our organizational values of: Compassion, Health Equity, Integrity, Respect, and Stewardship.

FINANCIAL HIGHLIGHTS

- SJBPH's total assets exceeded its liabilities on December 31, 2021 by \$5,375,365. This represented an increase of \$1,080,253 from net position on December 31, 2020. This perspective on net position includes spendable resources as well as the investment in buildings, equipment, vehicles, and other capital assets of \$1,517,732 and unrestricted of \$3,857,633.
- SJBPH's total liabilities decreased by \$30,668.
- Total general fund expenditures were \$7,725,191 for the year ended December 31, 2021. This compares with general fund expenditures of \$6,454,418 for the year ended December 31, 2020. This net increase is due to increases in salaries to respond to the COVID-19 Pandemic.
- The Agency's total revenues on the fund financial statements increased from \$7,145,086 in 2020 to \$8,774,793 in 2021.
- As of December 31, 2021, SJBPH's governmental funds reported combined ending fund balances of \$4,044,873, an increase of \$1,049,602 in comparison to the prior year. The portion of the total fund balance for the General Fund that is unrestricted and available for spending at SJBPH Board of Health's discretion is \$4,011,793 and \$33,080 of prepaid items are non-spendable.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
December 31, 2021

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand SJBPH as a whole and then proceed to provide an increasingly detailed look at specific financial activities.

SJBPH's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements.

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of SJBPH as a whole and present a longer-term view of the SJBPH's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report SJBPH's operations in more detail than the government-wide statements by providing information about SJBPH's most significant funds. For governmental activities, these statements tell how services were financed in the short-term as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for the appropriations budget.

The notes to the financial statements provide narrative explanations and additional data needed for full disclosure in the government-wide statements and the fund financial statements.

The sections labeled Federal Financial Assistance Section contain data used by monitoring or regulatory agencies for assurance that SJBPH is using funds supplied in compliance with the terms of grants.

Reporting SJBPH as a Whole

Government-wide Financial Statements:

The analysis of SJBPH's overall financial condition and operations is presented in the Statement of Net Position and the Statement of Activities. Its primary purpose is to show whether SJBPH is better off or worse off as a result of the year's activities. The Statement of Net Position includes all SJBPH's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by SJBPH's operations during the year. These statements apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. SJBPH's revenues are divided into those provided by outside parties who share the costs of some programs, such as fees received from individuals and entities from outside SJBPH and grants provided by the U.S. Department of Health and Human Services for public health emergency preparedness (program revenues), and revenues provided by La Plata and Archuleta Counties, or by the State's funding processes (general revenues). All SJBPH's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report SJBPH's net position and changes in them. SJBPH's net position (the difference between assets and liabilities) provide one measure of SJBPH's financial health, or financial position. Over time, increases or decreases in SJBPH's net position are one indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Position and the Statement of Activities, SJBPH is reporting its governmental activities. SJBPH currently has no business-type activities or component units as defined by GASB.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
December 31, 2021

Governmental activities – SJBPH's financial activities center on providing the citizens of the area a wide variety of public health activities including restaurant inspections, immunizations, nutritional education, disease outbreak identification and management, tobacco prevention and control, and emergency preparedness. SJBPH's revenue consists primarily of funds received from La Plata and Archuleta Counties, intergovernmental (state and federal) and other revenue (collected from licenses, fees and permits).

Reporting SJBPH'S Fund

Fund Financial Statements:

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on the activities of SJBPH's individual governmental funds and are divided into two parts: 1) the "modified accrual basis statements" and 2) the "budgetary basis statements".

The financial statements on pages 13 and 15 of the audit focuses on assets that can readily be converted into cash in the short term and liabilities that will be settled in the short term. Governmental funds are reported using modified accrual accounting, which recognizes expenditures when the liability is incurred and revenue when measurable and available. The modified accrual accounting method provides a short-term spending focus, which helps the reader assess the amount of financial resources immediately available to finance SJBPH's programs.

The annual budgets shown in the "budgetary basis statements" are prepared as described in Note 1. These budgets are presented using the modified accrual basis of accounting and are found in the Required Supplementary Information section.

The "budgetary basis statements" for the General Fund, demonstrate how SJBPH complied with the year's approved budget. The "budgetary basis statements" are presented using the same classifications as those used in the legal budget document.

Notes to the Basic Financial Statements:

Notes to the financial statements provide additional information that is essential to fully understanding the financial statement data.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Responding to the community's public health needs related to COVID-19 has had a profound effect on the agency's operations, staffing, and funding in 2020 and continuing into 2021. Navigating new challenges and significant unknowns in an unprecedented and rapidly changing pandemic environment required innovation and problem solving both operationally and budgetarily.

2020 was planned to be a year of transition for Colorado's local public health agencies. The Colorado Department of Public Health and Environment State Board of Health updated and expanded the state's Core Public Health Services Rule, 6 CCR 1014-7, effective January 1, 2020. But, shortly thereafter, both the State of Colorado Department of Health and Environment (CDPHE) and SJBPH were faced with an unprecedented global pandemic and were forced to quickly adjust public health priorities and resources to slow the spread of a coronavirus disease (COVID-19). Per Colorado Revised Statutes (C.R.S.) §25-1-506 and §25-1-508, the local Public Health Director has the duty to: 1) investigate and control the causes of epidemic or communicable diseases and conditions affecting public health; and 2) establish, maintain, and enforce isolation and quarantine, and in pursuit thereof, 3) exercise physical control over property and over the persons of the people within the Health District as the local Public Health Director may find necessary for the protection of the public health.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
December 31, 2021**

On March 11, 2020, the Governor of the State of Colorado issued Executive Order D2020- 003 declaring a state of disaster emergency due to the risk of spread of the novel coronavirus (“EO D2020-003”); and on March 16, 2020, the Executive Director and Health Officer of the Health District declared a local disaster emergency pursuant to C.R.S. § 24-33.5-701, et seq., §25-1-506 and §25-1-509 due to the risk of spread of COVID-19. This declaration was extended by SJBPHs Board of Health on March 17, 2020,

In 2021, while continuing to respond to a rapidly evolving and unprecedented public health emergency, SJBPH also redesigned our 2021 operational divisions and agency budget to reflect the State Board of Health’s 2020 transition of Core Public Health Services. This created the opportunity for our 2021 budget to better reflect the agency’s commitment to fulfilling its statutory requirements while also responding to the shifting needs of communities in our jurisdiction – around COVID-19 and/or other emerging health needs. The 2021 budget also included the following priorities, approved by the Board of Health:

- Increased funding for communicable disease investigation and control in order to address local needs in response to COVID-19 global pandemic
- Shift from COVID-19 incident response to steady state public health programming
- Stabilize “steady state” programs and services within federal and State funding constraints

Throughout 2021 in order to meet these priorities as well as position the agency best to address shifting local needs in response to the COVID-19 global pandemic, SJBPH sought and was awarded considerable additional funding resources. Continuing into 2022, many unknowns remain- both about the course of the global pandemic and about ongoing resources for governmental public health’s response efforts. SJBPH’s financial management of resources procured in 2021 continue to allow the agency important flexibility in order to provide high quality pandemic response activities in addition to critical steady state programming and services.

Net Position:

SJBPH's assets exceeded its liabilities by \$5,375,365 as of December 31, 2021, an increase in SJBPH's net position of \$1,080,253 from 2021. This increase is mainly due to a concerted effort by the agency to increase our net position. Of the net position, \$1,517,732 is invested in capital assets, which includes land, buildings, library materials, furniture and equipment, less related debt. SJBPH uses capital assets to provide services; consequently, these assets are not available for future spending. The remaining portions of SJBPH's net position are classified as unrestricted. The remaining assets are unrestricted assets of \$3,857,633, which can be used for future operations.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
December 31, 2021**

The table below shows the condensed Statement of Net Position as of December 31, 2021 and 2020:

Condensed Statement of Net Position

	<u>2021</u>	<u>2020</u>
Current assets	\$ 4,993,395	\$ 3,931,032
Capital assets, net	<u>1,522,238</u>	<u>1,535,016</u>
Total assets	<u><u>6,515,633</u></u>	<u><u>5,466,048</u></u>
Current liabilities	958,485	949,245
Noncurrent Liabilities	<u>181,783</u>	<u>221,691</u>
Total Liabilities	<u>1,140,268</u>	<u>1,170,936</u>
Net Position		
Net Investment in Capital Assets	1,517,732	1,507,753
Unrestricted	<u>3,857,633</u>	<u>2,787,359</u>
Total net position	<u>5,375,365</u>	<u>4,295,112</u>
Total liabilities and net position	<u>\$ 6,515,633</u>	<u>\$ 5,466,048</u>

The table below shows the condensed statement of activities as of December 31, 2021 and 2020:

Condensed Statement of Activities

	<u>2021</u>	<u>2020</u>
Program Revenues:		
Charges for services	\$ 1,118,848	\$ 1,488,786
Operating contracts, grants and contributions	826,722	1,181,488
General Revenues:		
County Funds	1,416,158	683,363
State Funds	1,891,879	1,763,019
Federal Funds	3,472,103	1,992,632
Miscellaneous	<u>49,083</u>	<u>57,458</u>
Total Revenues	<u>8,774,793</u>	<u>7,166,746</u>
Expenses:		
Public health and welfare	<u>7,694,540</u>	<u>6,571,006</u>
Total Expenses	<u>7,694,540</u>	<u>6,571,006</u>
Change in net position	<u>\$ 1,080,253</u>	<u>\$ 595,740</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
December 31, 2021**

Fund Financial Analysis

On December 31, 2021, SJBPH reported a combined fund balance for its governmental funds of \$4,044,873, of the funds \$33,080 non-spendable, \$2,402,509 is committed, and \$1,609,284 is assigned.

SJBPH receives 82 percent of its funding from intergovernmental revenues. Salaries and benefits represent 73 percent of SJBPH's total expenditures.

The General Fund balance increased in 2021 by \$1,049,602 mainly due to a concerted effort by the agency to not spend any unobligated funds due to the uncertainty of COVID 19 response funding.

Budgetary Highlights

Over the course of the year, the Board of Health revised SJBPH's budget. These budget amendments were necessary to reflect the revised estimates of revenues and expenses. As stated above, throughout 2021 SJBPH sought and was awarded considerable additional funding resources in order to respond to the global pandemic while continuing to deliver important 'steady state' programs and services to the community. In addition, SJBPH also worked with community partners to move specific programs and services from SJBPH to appropriate partner organizations in order to allow SJBPH increased opportunity to prioritize the provision of critical services related to the unprecedented global pandemic.

SJBPH ended the year of 2021 with revenues in excess of expenditures in the amount of \$1,049,602.

Total revenue was lower than budgeted by \$121,029.

Actual expenditures of \$7,725,191 were under budget by \$4,181,444 for 2021. Factors include the following:

- Operating expenses were under budget by \$333,799.
- Salaries and benefits were under budget by \$138,762.
- Contingency of \$3,848,841 was not utilized during 2021.

CAPITAL ASSETS

SJBPH's investment in capital assets as of December 31, 2021, totals \$1,522,238, net of accumulated depreciation. These assets include land, buildings, furniture and equipment, and vehicles. Additional information on SJBPH's capital assets can be found in Note 3 of the financial statements.

The following table shows capital assets for 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Land	\$ 224,627	\$ 224,627
Buildings	2,565,071	2,455,063
Furniture and Equipment	97,656	162,362
Vehicles	205,655	205,655
Total Capital Assets	<u>3,093,009</u>	<u>3,047,707</u>
Accumulated Depreciation	<u>1,570,771</u>	<u>1,512,691</u>
Net Capital Assets	<u>\$ 1,522,238</u>	<u>\$ 1,535,016</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
December 31, 2021**

LONG-TERM LIABILITIES

As of December 31, 2021, SJBPH's total long-term debt is \$191,746, including current portion of \$9,963. Of this amount, \$177,277 represents the liability for the employees' compensated absences and \$14,469 for lease obligations. Additional information regarding SJBPH's long-term debt can be found in Note 5 of the financial statements.

FACTORS BEARING ON SAN JUAN BASIN PUBLIC HEALTH'S FUTURE

Future revenues and expenditures will depend on the economic climate of La Plata and Archuleta Counties, the State of Colorado and the United States. The potential exists for SJBPH to realize budget and program cuts at the state and federal level or other funding mandates outside of the SJBPH's control. These cuts may affect the level of services that SJBPH will provide in the future. Programs will be evaluated to assure that adequate funding is available to sustain the level of services required and to meet the goal of SJBPH to be fiscally self-sufficient.

Declared Public Health Emergencies including Opioid, COVID-19 and Monkeypox

In order to continue response activities for public health emergencies SJBPH has made critical changes to the organizational structure. As SJBPH transitions to addressing public health emergencies over longer terms, emergency preparedness and response and communicable disease as well as program innovation will have more prominent roles in the organization.

Additionally, in 2021 the Archuleta County Commissioners initiated an exploratory discussion regarding how best to structure local public health in order to meet the county's local public health statutory requirements. For example, the county began to investigate local public health agency structures ranging from multi-county public health districts to single county agencies. This discussion was not concluded in 2021 and continues at this time. Therefore, SJBPH's current strong financial position affords our county governments an ongoing opportunity to consider how best to structure local public health going forward, in addition to offering our current agency with critical flexibility to best meet community health needs during this uncertain time.

CONTACTING SAN JUAN BASIN PUBLIC HEALTH'S MANAGEMENT

This report is designed to provide an overview of the SJBPH's finances and to show SJBPH's accountability for the money it receives. If you have questions about this report or need additional financial information, contact SJBPH's Director of Finance.

San Juan Basin Public Health
Attention: Patrick Wisnicky, Director of Finance
281 Sawyer Drive, Suite 300
Durango, Colorado 81303

BASIC FINANCIAL STATEMENTS

SAN JUAN BASIN PUBLIC HEALTH

STATEMENT OF NET POSITION

December 31, 2021

	Governmental Activities
Assets	
Current Assets	
Cash and cash equivalents.....	\$ 3,163,788
Accounts receivable, net.....	1,796,527
Prepaid items.....	33,080
Total Current Assets.....	4,993,395
Capital Assets	
Capital assets, net of accumulated depreciation.....	1,522,238
Total Assets.....	\$ 6,515,633
Liabilities and Net Position	
Current Liabilities	
Accounts payable.....	\$ 98,093
Accrued liabilities.....	449,249
Unearned revenue.....	401,180
Lease obligations, current portion.....	9,963
Total Current Liabilities.....	958,485
Long-term Liabilities	
Compensated absences.....	177,277
Lease obligations.....	4,506
Total Noncurrent Liabilities.....	181,783
Total Liabilities.....	1,140,268
Net Position	
Net investment in capital assets.....	1,517,732
Unrestricted.....	3,857,633
Total Net Position.....	\$ 5,375,365

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

SAN JUAN BASIN PUBLIC HEALTH

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2021

Function/Program	Expenses	Program Revenues		Change in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Public health and welfare.....	\$ 7,694,540	\$ 1,118,848	\$ 826,722	\$ (5,748,970)

General Revenues

County funds.....	1,416,158
State funds.....	1,891,879
Federal funds.....	3,472,103
Miscellaneous.....	49,083
Total General Revenues.....	6,829,223
Change in net position.....	1,080,253
Net Position, Beginning of Year.....	4,295,112
Net Position, End of Year.....	\$ 5,375,365

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

SAN JUAN BASIN PUBLIC HEALTH

BALANCE SHEET - GOVERNMENTAL FUND

December 31, 2021

	<u>General Fund</u>
Assets	
Current Assets	
Cash and cash equivalents.....	3,163,788
Accounts receivable, net.....	1,796,527
Prepaid items.....	33,080
Total Assets.....	<u>\$ 4,993,395</u>
Liabilities and Fund Balance	
Liabilities	
Accounts payable.....	\$ 98,093
Accrued liabilities.....	449,249
Unearned revenue.....	401,180
Total Liabilities.....	<u>948,522</u>
Fund Balance	
Nonspendable	
Prepaid items.....	33,080
Committed:	
Future employee compensated absences.....	146,326
Emergency operating reserves.....	241,734
Operating.....	2,014,449
Assigned:	
Implementation wage scale.....	300,000
Facilities.....	85,000
Fleet replacement.....	80,000
Equipment replacement.....	84,500
Condo association capital assessments.....	57,596
Operating.....	1,002,188
Total Fund Balance.....	<u>4,044,873</u>
Total Liabilities and Fund Balance.....	<u>\$ 4,993,395</u>

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

SAN JUAN BASIN PUBLIC HEALTH

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION December 31, 2021

Total Governmental Fund Balance \$ 4,044,873

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

Capital assets used in governmental activities are not financial resources, and therefore, not reported in the fund balance sheet. In the statement of net position the cost of these assets are capitalized and expensed over their estimated useful lives through annual depreciation expense:

Capital assets	3,093,009	
Accumulated depreciation	<u>(1,570,771)</u>	
		1,522,238

Liabilities, including compensated absences and lease obligations are not due and payable in the current period, and therefore, are not reported in the funds balance sheet.

Lease obligations	(14,469)	
Compensated absences	<u>(177,277)</u>	
		<u>(191,746)</u>

Net Position of Governmental Activities \$ 5,375,365

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

SAN JUAN BASIN PUBLIC HEALTH

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE GOVERNMENTAL FUND For the Year Ended December 31, 2021

	<u>General Fund</u>
Revenues	
County funds.....	\$ 1,416,158
Grants and contributions.....	410,530
Fees for services.....	1,120,677
State funds.....	1,891,879
Federal funds.....	3,897,875
Other.....	37,674
Total Revenues.....	<u>8,774,793</u>
Expenditures	
Current	
Salaries and benefits.....	5,658,889
Travel.....	53,090
Contract services.....	692,843
Operating.....	1,183,054
Capital outlay.....	123,748
Debt service	
Principal.....	12,794
Interest.....	773
Total Expenditures.....	<u>7,725,191</u>
Change in Fund Balance.....	1,049,602
Fund Balance, Beginning of Year.....	<u>2,995,271</u>
Fund Balance, End of Year.....	<u>\$ 4,044,873</u>

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

SAN JUAN BASIN PUBLIC HEALTH

RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES For The Year Ended December 31, 2021

Change in Fund Balance - Governmental Fund		\$ 1,049,602
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental fund report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized outlay exceeded depreciation expense in the current period.		
Depreciation	(124,759)	
Capital outlay	<u>123,748</u>	(1,011)
Governmental-wide financial statements loss on disposal of assets.		
Disposal of capital assets	(78,446)	
Related accumulated depreciation	<u>66,679</u>	(11,767)
Compensated absences and lease obligations in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Liability at December 31, 2020	\$ 235,175	
Liability at December 31, 2021	<u>(191,746)</u>	<u>43,429</u>
Change in Net Position of Governmental Activities		<u>\$ 1,080,253</u>

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

SAN JUAN BASIN PUBLIC HEALTH

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

San Juan Basin Public Health (SJBPH) is a Colorado district health agency serving La Plata and Archuleta Counties, as well as contracting to serve other surrounding counties. SJBPH prepares its basic financial statements in conformity with accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board (GASB) applicable to governmental units. SJBPH also complies with the requirements of contracts and grants of agencies from which it receives funds. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of SJBPH are described below.

A. Reporting Entity

SJBPH's mission is to protect human and environmental health and inspire well-being in the communities it serves. SJBPH provides all core public health services identified in the Colorado State Board of Health, Core Public Health Services Rule.

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

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

The Department is not financially accountable for any other organization, nor is the Department a component unit of any other primary governmental entity.

For financial reporting purposes, SJBPH includes all fund and account groups for which it is financially accountable. SJBPH does not exercise any power over any other entity.

SJBPH has the following joint venture at December 31, 2021:

SJBPH in conjunction with Southwest Colorado Mental Health Center, Inc., DBA Axis Health System; Community Connections, Inc. created Columbine Condominium Owner's Association, Inc. (Association) to provide an organizational structure for 281 Sawyer Drive, Durango, Colorado, an office building that is owned, occupied, and titled jointly between the entities. The condominiumization has allowed each of the organizations to separately own the portions of the building they currently occupy and to jointly maintain the common elements. Association annual assessments are based upon the Association's estimated advance budget of the cash requirements needed to provide administration and performance of its duties during such assessment year. In addition to Association Dues, the Association levies a Special Assessment for the purpose of defraying, in whole or in part, the cost of construction, reconstruction, repair or replacement of a capital improvement, or for other extraordinary expenses. SJBPH's allocation of annual assessments and special capital assessments amounted to \$80,132 and \$35,475 respectively for the year ended December 31, 2021. SJBPH's allocation of the Association's reserve and replacement balance is reported as prepaids in the financial statements. Financial statements for the Association can be obtained from Columbine Condominium Owner's Association, Inc., 185 Shuttle Street, Durango, Colorado.

SAN JUAN BASIN PUBLIC HEALTH

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

B. Basis of Accounting and Presentation

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. SJBPH does not allocate indirect expenses to functions in the statement of activities. 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. For identifying the function to which program revenue pertains, the determining factor for charges for services is which function generates the revenue.

For grants and contributions, the determining factor is to which function the revenues are restricted. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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 liabilities are incurred, regardless of the timing of related cash flows.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

County funds, fees, licenses, and permits and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the Department.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences are recorded only when payment is due.

Governmental Fund Types

The accounts of SJBPH are organized on the basis of funds. Each fund is considered an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other assets together with all related liabilities, obligations, reserves and equities, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

SJBPH used the following fund during 2021:

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

SAN JUAN BASIN PUBLIC HEALTH

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

C. Basis of Accounting Applicable to All Financial Statements

Capital assets, which include buildings and improvements, furniture and equipment, and vehicles are reported in the government-wide financial statements. Capital assets are defined by SJBPH as assets with an individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' useful lives are not capitalized. 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 capital assets.

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

Supplies and materials are debited as expenditures when purchased.

D. Budgetary Data

In accordance with state budget law, the SJBPH's Board holds public hearings in the fall of each year to approve the budget and appropriate the funds for each ensuing year. The appropriation is at the total fund expenditure level and lapses at year end. The Board can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements.

E. Fund Equity

SJBPH has adopted GASB Statement 54, which redefined how fund balances of the governmental funds are presented in the financial statements. SJBPH's fund balances are classified as follows:

Nonspendable - Portion of the fund balance that is legally or contractually required to be maintained intact (and is generally not expected to be converted to cash).

Restricted - Amounts that can be spent only for specific purposes because of restrictions by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed - Amounts that can only be used for the specific purposes determined by a formal action, a Board resolution, of the SJBPH's highest level of decision-making authority, the SJBPH Board of Health. The same formal action must be taken to remove or change the limitations placed on the funds.

Assigned - Consists of funds intended to be used for specific purposes but do not meet the criteria to be classified as restricted or committed. The SJBPH's Board of Health has delegated the authority to the Executive Director, or her designee, to assign funds and amounts to be used for specific purposes.

Unassigned - Amounts not included in other spendable classifications.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, SJBPH considers restricted funds to have been spent first. When an expenditure for which committed, assigned, or unassigned fund balances are available, SJBPH considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Health has provided otherwise in its commitment or assignment actions.

SAN JUAN BASIN PUBLIC HEALTH

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

F. Net Position on the Statement of Net Position

Net position represents the difference between assets and deferred inflows of resources, and deferred outflows of resources and liabilities and is classified as net investment in capital assets, restricted or unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition or construction of improvements on those assets, excluding any unspent bond proceeds. Net position is reported as restricted when there are limitations imposed on its use, either through the enabling legislation adopted by the SJBPH or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. All other net position that does not meet these definitions is classified as unrestricted.

G. Management's Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, and expenditures during the reporting period. Actual results could differ from those estimates.

H. Cash and Cash Equivalents

SJBPH's cash and cash equivalents are comprised of cash on hand and cash in banks.

I. Allowance for Uncollectible Accounts

Receivables are shown net of allowance for uncollectible accounts that is based on historical collections data. Allowance for uncollectible accounts was \$20,719 for the year ended December 31, 2021.

J. Prepaid Items

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

K. Compensated Absences

It is SJBPH's policy to permit employees to accumulate earned but unused vacation benefits (paid time off) up to certain maximum limits. Therefore, a liability for accrued vacation is recorded for full accrual purposes in the government-wide financial statements, however, for governmental fund financial statement purposes, vacation benefits are expected to be liquidated with available financial resources and are reported as an expenditure and fund liability of the General Fund when amounts are due.

L. In-Kind Donations

In-kind donations consist of donated goods and personal services. Donated goods are valued at the donor's assigned value or estimated fair value. Personal services are valued based upon hourly wage rates paid for similar services or at the donor's assigned value. These donations are included as revenue and as program costs to properly reflect the total costs of the SJBPH's operations.

M. Unearned Revenues

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Revenues are deferred for grants, contracts and entitlements received before the eligibility requirements are met (e.g., cash advances).

SAN JUAN BASIN PUBLIC HEALTH

NOTES TO FINANCIAL STATEMENTS December 31, 2021

2. CASH AND CASH EQUIVALENTS

Legal and Contractual Provisions Governing Deposits and Investments

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified by PDPA. PDPA allows the institution to create a single collateral pool for all public funds.

The 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, 2021, SJBPH had bank deposits of \$3,190,703 collateralized with securities held by the financial institution's agent, but not in SJBPH's name.

Policies Governing Deposits and Investments

- a. *Custodial Credit Risk* - This is the risk that, in the event of a bank failure, SJBPH's deposits may not be returned to it. As of December 31, 2021, the SJBPH's deposits were not exposed to credit risk, as all deposits were insured by the Federal Deposit Insurance Corporation or collateralized in accordance with PDPA.
- b. *Concentration of Credit Risk* - SJBPH's investment policy does not limit the amount SJBPH may invest in one issuer.
- c. *Credit Risk* - Involves the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments to U.S. Treasury issues, other federally backed notes and credits and other agency offerings. Other investment instruments, including bank obligations, general obligation bonds and commercial paper are limited to at least one of the highest rating categories of at least one nationally recognized rating agency. State statutes limit investments in corporate bonds and foreign issues to a minimum credit rating of "AA- or Aa3" by two or more nationally recognized statistical rating organizations. State law further limits investments in money market funds to those institutions with over \$1 billion in assets or the highest credit rating from one or more of a nationally recognized rating agency. At December 31, 2021, SJBPH was not significantly exposed to credit risk.
- d. *Interest Rate Risk* - The risk that changes in interest rates will adversely affect the fair value of an investment or a deposit. State law limits investment maturities to five years or less as a means of managing exposure to fair value loss resulting from increasing interest rates. At December 31, 2021, SJBPH was not significantly exposed to interest rate risk.
- e. *Foreign Currency Risk* - Not applicable

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

	<u>Carrying Value</u>	<u>Bank Value</u>
Cash and cash equivalents	\$ 3,163,788	\$ 3,190,703

SAN JUAN BASIN PUBLIC HEALTH

NOTES TO FINANCIAL STATEMENTS December 31, 2021

3. CAPITAL ASSETS

A summary of changes in capital assets during the ended December 31, 2021, is as follows:

	<u>1/1/2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>12/31/2021</u>
Capital assets:				
Land	\$ 224,627	\$ -	\$ -	\$ 224,627
Buildings	2,455,063	110,008	-	2,565,071
Furniture and equipment	162,362	13,740	78,446	97,656
Vehicles	<u>205,655</u>	<u>-</u>	<u>-</u>	<u>205,655</u>
Total capital assets	<u>3,047,707</u>	<u>123,748</u>	<u>78,446</u>	<u>3,093,009</u>
Accumulated depreciation				
Buildings	1,224,949	92,278	-	1,317,227
Furniture and equipment	128,065	17,155	66,679	78,541
Vehicles	<u>159,677</u>	<u>15,326</u>	<u>-</u>	<u>175,003</u>
Total accumulated depreciation	<u>1,512,691</u>	<u>1,512,691</u>	<u>66,679</u>	<u>1,570,771</u>
Total net value of capital assets	<u>\$ 1,535,016</u>	<u>\$ 119,601</u>	<u>\$ -</u>	<u>\$ 1,522,238</u>

Depreciation expense was \$124,759 for the year ended December 31, 2021 and was charged to governmental activities.

Depreciation is computed using the straight-line method over the estimated useful life of each asset. The following estimated useful lives are being used by SJBPH:

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

4. UNEARNED REVENUE

Unearned revenue consists of the following:

	<u>General Fund</u>
Grant revenue	\$ 148,075
Food licenses	110,105
On-site Wastewater Treatment Systems	<u>143,000</u>
Unearned revenues	<u>\$ 401,180</u>

SAN JUAN BASIN PUBLIC HEALTH

NOTES TO FINANCIAL STATEMENTS December 31, 2021

5. LONG-TERM LIABILITIES

Summary of changes in long-term liabilities for the year ended December 31, 2021 is as follows:

	Amounts Outstanding 1/1/2021	Additions	Reductions	Amounts Outstanding 12/31/2021
Compensated absences	\$ 207,912	\$ -	\$ 30,635	\$ 177,277
Lease obligations	27,263	-	12,794	14,469
Total long-term liabilities	<u>\$ 235,175</u>	<u>\$ -</u>	<u>\$ 43,429</u>	<u>\$ 191,746</u>

Obligations Under the Capital Leases

A summary of the capital leases as of December 31, 2021 is as follows:

Description	Interest Rate	Amounts Outstanding 1/1/2021	Additions	Reductions	Amounts Outstanding 12/31/2021	Due within 1 year
Image Net - 2016	3.50%	\$ 3,173	\$ -	\$ 3,173	\$ -	\$ -
Image Net - 2018	3.50%	16,147	-	7,604	8,543	7,874
Image Net - 2019	3.50%	7,943	-	2,017	5,926	2,089
		<u>\$ 27,263</u>	<u>\$ -</u>	<u>\$ 12,794</u>	<u>\$ 14,469</u>	<u>\$ 9,963</u>

During the year, SJBPH made payments on the above leases totaling \$12,794 including interest of \$737.

Future minimum payments for leases are as follows:

<u>Year ending December 31,</u>	
2022	\$ 10,311
2023	2,934
2024	<u>1,697</u>
Total Payments	\$ 14,942
Less: Interest	<u>473</u>
Total Principal	<u>\$ 14,469</u>

6. HEALTH INSURANCE

During the year ended December 31, 2021, employees of SJBPH were covered by a health insurance plan through Anthem. SJBPH paid for the employee-only premium per month and employees, at their option, authorized payroll withholdings to pay contributions for dependents. Under this plan, SJBPH is not liable for costs incurred beyond the premiums paid.

7. DEFINED CONTRIBUTION PLAN

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

SAN JUAN BASIN PUBLIC HEALTH

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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

SJBPH and the covered employees made the required 5% contribution, amounting to \$284,790 from both SJBPH and from employees. There were no amounts due to the plan as of December 31, 2021. Total covered payroll during 2021 was \$2,847,900.

8. DEFERRED COMPENSATION PLAN

SJBPH has a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. Participation in the plan is optional for all employees. The plan is administered by Colorado Retirement Association. The plan allows the employees to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergencies. Contribution limits are set by the Internal Revenue Service annually and are the same as those for the 401(k) plan.

9. RISK MANAGEMENT

SJBPH is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. SJBPH has obtained commercial insurance coverage for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. Under the Colorado Governmental Immunity Act, the maximum liability per person, per occurrence, is \$350,000, with a maximum liability per occurrence of \$990,000. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. At December 31, 2021 SJBPH had no accrued liabilities under the terms of the insurance plan.

10. LITIGATION

In January 2021, SJBPH, amongst four (4) other entities and individuals named as a defendants, to a lawsuit filed in La Plata County District Court regarding restrictions placed on restaurants during the COVID-19 pandemic. On February 25, 2022, La Plata County District Court Judge Herringer concluded that all the Plaintiffs' claims were either moot or failed to state a claim upon which relief could be granted. The Defendants' motions to dismiss were granted.

11. COMMITMENTS AND CONTINGENCIES

SJBPH receives grant monies from various federal and state agencies and private foundations. Such grants are subject to audit by the grantor, which could lead to requests for reimbursement to the grantor for expenditures not in compliance with the terms of the grant. In the opinion of the SJBPH, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

SAN JUAN BASIN PUBLIC HEALTH

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

12. TAX SPENDING AND DEBT LIMITATION (TABOR)

In November 1992, the voters of Colorado approved Amendment I, commonly known as the Taxpayer Bill of Rights (TABOR), which added a new 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.

SJBPH does not believe itself to be subject to the requirement of TABOR, as SJBPH has been established by Archuleta and La Plata Counties, and it receives no direct tax dollars and has no power to tax any of the residents within its jurisdiction. TABOR is applied to the counties which have formed the SJBPH, and SJBPH receives general allocation funding from these counties. TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of what organizations may be subject to TABOR, may require judicial interpretation.

13. CONCENTRATION

Approximately 49% of net total revenue was derived under federal and state third-party reimbursement programs. These revenues are based, in part, on cost reimbursement principles and are subject to audit and retroactive adjustment by the representative third-party fiscal intermediaries.

14. SUBSEQUENT EVENTS

The SJBPH's management has evaluated subsequent events through September 29, 2022, the date which the financial statements were available for issue. Except as described in Note 10, no other events were identified requiring disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

SAN JUAN BASIN PUBLIC HEALTH

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GOVERNMENTAL FUND For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
County funds.....	\$ 1,410,499	\$ 1,415,944	\$ 1,416,158	\$ 214
Grants and contributions.....	272,519	426,957	410,530	(16,427)
Fees for services.....	1,101,301	1,068,117	1,120,677	52,560
State funds.....	1,529,075	2,294,013	1,891,879	(402,134)
Federal funds.....	1,326,390	3,598,030	3,897,875	299,845
Other.....	161,220	92,761	37,674	(55,087)
Total Revenues.....	5,801,004	8,895,822	8,774,793	(121,029)
Expenditures				
Current				
Salaries and benefits.....	5,168,088	5,797,651	5,658,889	138,762
Travel.....	103,754	52,142	53,090	(948)
Contract services.....	409,339	588,051	692,843	(104,792)
Operating.....	834,301	1,516,853	1,183,054	333,799
Capital outlay.....	-	88,493	123,748	(35,255)
Debt service				
Principal.....	13,395	13,395	12,794	601
Interest.....	-	1,209	773	436
Contingency.....	2,282,940	3,848,841	-	3,848,841
Total Expenditures.....	8,811,817	11,906,635	7,725,191	4,181,444
Change in Fund Balance.....	\$ (3,010,813)	\$ (3,010,813)	1,049,602	\$ 4,060,415
Fund Balance - Beginning of Year.....			2,995,271	
Fund Balance - End of Year.....			\$ 4,044,873	

Notes to Required Supplementary Information

The basis of the budget is the same as GAAP. The schedule is presented on a GAAP basis.

OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION

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

To the Board of Health
San Juan Basin Public Health
Durango, 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 major fund of San Juan Basin Public Health, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise San Juan Basin Public Health's basic financial statements and have issued our report thereon dated September 29, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered San Juan Basin Public Health's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of San Juan Basin Public Health's internal control. Accordingly, we do not express an opinion on the effectiveness of San Juan Basin Public Health'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-01 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether San Juan Basin Public Health's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2021-01.

San Juan Basin Public Health's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on San Juan Basin Public Health's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. San Juan Basin Public Health's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

FredrickZink & Associates, PC

FredrickZink & Associates, PC
September 29, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Health
San Juan Basin Public Health
Durango, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited San Juan Basin Public Health's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each San Juan Basin Public Health's major federal programs for the year ended December 31, 2021. San Juan Basin Public Health's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, San Juan Basin Public Health complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of San Juan Basin Public Health and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of San Juan Basin Public Health's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to San Juan Basin Public Health's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on San Juan Basin Public Health's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about San Juan Basin Public Health's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding San Juan Basin Public Health's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding San Juan Basin Public Health's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness San Juan Basin Public Health's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

FredrickZink & Associates, PC

FredrickZink & Associates, PC
September 29, 2022

FEDERAL FINANCIAL ASSISTANCE SECTION

SAN JUAN BASIN PUBLIC HEALTH

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2021

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified Yes No
- Significant deficiency(ies) identified Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified Yes No
- Significant deficiency(ies) identified Yes None reported
- Noncompliance material to financial statements noted? Yes No

Type of auditor’s report issued on compliance for major federal programs:

Unmodified

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

Yes No

Identification of major programs:

CFDA Number(s)

93.323

Name of Federal Program or Cluster

Epidemiology And Laboratory Capacity For Infectious Diseases

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

\$750,000

Auditee qualified as low-risk auditee?

Yes No

SAN JUAN BASIN PUBLIC HEALTH

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

For the Year Ended December 31, 2021

Section II – Financial Statement Findings

2021-001 Finance Department Internal Control, Policies and Procedures (Significant deficiency in Internal Control over Financial Reporting)

Condition: SJBPH's internal control systems need improvement and accounting policies and procedures are not adequately documented. As a result, the following issues were identified:

- SJBPH's accounting system did not segregate certain federal and state contracts, and fiscal year contracts were not segregated by contract year requiring manual reconciliation outside the accounting system.
- Billings and recognition of federal revenue procedures were not adequate to identify claim for reimbursements for incurred federal expenditures were within SJBPH's availability period (60 days).
- During our review of the SJBPH's schedule of expenditures of federal awards (SEFA), we noted instances in which the federal expenditures reported did not have the correct Assistance Listing Number, contract numbers and the correct amounts. Multiple versions of the SEFA were provided to us during the audit.
- Year end close processes were not performed adequately or documented, resulting in cutoff issues.

Criteria: SJBPH does not have adequate internal controls and oversight in specific areas of recording, monitoring, and reporting of financial activity included in the financial statements.

Cause: Unfortunate and unforeseeable circumstances in staff turnover, the death of a key employee in the Finance Department, the Finance Department being understaffed and the pandemic.

Effect: Financial statement information was incorrect, resulting in adjustments and additional audit procedures being performed.

Recommendation: We recommend SJBPH continue to hire individuals with suitable skills, knowledge, and expertise to assist in the Finance Department. Additional training for those individuals utilizing the MIP Fund Accounting (formerly Abila MIP) software to better segregate by funding sources and contracts by year. This would allow year end processes to be simplified, as well as reporting and reimbursement requests to be timelier. A standard accounting operating procedures manual should be documented, up-to-date and retained. Year end close process must be included in the procedure's manual. Provide complete and accurate audit schedules prior to the audit and ensure the schedules support the balances in the trial balance.

SAN JUAN BASIN PUBLIC HEALTH

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

For the Year Ended December 31, 2021

Management's Response: SJBPH agrees with this finding. During 2021, due to the unexpected loss of SJBPH's Deputy Director of Administrative Services along with significant budgetary and operational effects of the Covid pandemic (including staffing shortages), SJBPH's ability to adhere to policies and procedures for the financial year end close, preparation of the SEFA and for proper reporting of revenue was impacted.

SJBPH will dedicate resources to building knowledge among current staff and to recruiting additional staff in order to adhere to year end close checklists and standard operating procedures, and improve grant accounting/reporting/drawdown processes. Staff has started the process to review and analyze the MIP Fund Accounting (formerly Abila MIP) software to ensure expenditures and drawdowns are identified by individual contract and will re-establish timely and accurate SEFA preparation in subsequent years.

Estimated Completion Date: June 2023

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Prior Year Audit Findings

None

SAN JUAN BASIN PUBLIC HEALTH

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2021

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT/ CONTRACT NUMBER	FEDERAL AWARDS EXPENDED
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Pass through Colorado Department of Public Health & Environment:			
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557	18FHFLA104046	\$ 248,623
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) - Non-Cash Assistance	10.557		426,980
Total CFDA 10.557			<u>675,603</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>675,603</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass through the Colorado Department of Public Health and Environment:			
Water Pollution Control, Interstate and Tribal Program Support	66.419	FEGA202100003355	7,933
Performance Partnership Grants - Radon	66.605	FEEA202100005820	14,053
TOTAL UNITED STATES ENVIRONMENTAL PROTECTION AGENCY			<u>21,986</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Direct Programs:			
National Organizations of State and Local Officials	93.011	G3242674	416,192
Pass through Colorado Department of Public Health and Environment:			
Public Health Emergency Preparedness	93.069	2020*0276	165,891
Injury Prevention and Control Research and State and Community Based Programs	93.136		109,629
Grants to States to Support Oral Health Workforce Activities	93.236	CTFHFLA2020*2093	62,454
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		26,903
Immunization Cooperative Agreements	93.268	FHCA202200003019	130,207
Immunization Cooperative Agreements	93.268	FHJA202100010311	189,404
Immunization Cooperative Agreements	93.268	19FHHA108901	35,644
Immunization Cooperative Agreements	93.268	FHJA202100006297	31,338
Total CFDA 93.268			<u>386,593</u>
Grants to States to Support Oral Health Workforce Activities	93.323	FHJA202000013646	916,819
Grants to States to Support Oral Health Workforce Activities	93.323	FHJA202100010534	1,253,209
Total CFDA 93.323			<u>2,170,028</u>
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	FHJA202000012597	35,626
State Actions to Improve Oral Health Outcomes and Partner Actions to Improve Improve Oral Health Outcomes	93.366		38,175
Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	93.421	CT FHFLA 2020*3669	51,492
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations financed in part by Prevention and Public Health Funds	93.752		6,405
National Bioterrorism Hospital Preparedness Program	93.889	FHJA202100005860	59,712
National Bioterrorism Hospital Preparedness Program	93.889	FHJA202000014150	25,000
National Bioterrorism Hospital Preparedness Program	93.889		84,364
Total CFDA 93.889			<u>169,076</u>
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898		8,545
Preventative Health Services - Non-Cash Assistance	93.977		4,200

SAN JUAN BASIN PUBLIC HEALTH

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2021

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT/ CONTRACT NUMBER	FEDERAL AWARDS EXPENDED
Preventive Health and Health Services Block Grant	93.991	FAAA202100008060	49,842
Preventive Health and Health Services Block Grant	93.991	FHLA202100005197	3,750
Total CFDA 93.991			53,592
Maternal and Child Health Services Block Grant to the States	93.994		30,620
Pass through National Association of County and City Health Officials:			
Medical Reserve Corps Small Grant Program	93.008	MRC21-2646	10,000
TOTAL UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			3,745,421
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 4,443,010

SAN JUAN BASIN PUBLIC HEALTH

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2021

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of San Juan Basin Public Health under programs of the federal government for the year ended December 31, 2021. The information in this 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* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of San Juan Basin Public Health, it is not intended to and does not present the financial position, changes in net position, or cashflows of San Juan Basin Public Health, Colorado.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized, as applicable, either under the cost principles in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. San Juan Basin Public Health has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting.

3. NONMONETARY ASSISTANCE

Certain federal assistance programs do not involve cash awards to the Department. The State of Colorado has arranged with the District to perform the intake function for the Special Supplemental Nutrition Program for Women, Infants and Children, CFDA No. 10.557, includes \$426,980 of food vouchers provided to individuals in the District's service area. The District also provided Preventative Health Services, CFDA No. 93.977, included \$4,200 of noncash supplies to the Department, as reported by the Colorado Department of Public Health and Environment.

4. SUB-RECIPIENTS

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